



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Friday, September 18, 2015 1:30PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

AGENDA

- I. Call to Order/Welcome** Chairman York
- II. Summary Minutes of the June 19, 2015 Meeting**
*Recommended action: Approval [with abstentions
from those who were not present]*

Action Items

- III. Virginia Investment Pool Agreement** Mr. Longhi, CFO
Recommended action: Recommend NVTA Approval of Agreement
- IV. Revenue Estimates FY2017 to FY2023** Mr. Longhi, CFO
Recommended action: Recommend NVTA Adoption of Estimates
- V. Budget Adjustment – Regional Revenue Fund** Mr. Longhi, CFO
Recommended action: Recommend NVTA Approval of Policy Update

Information/Discussion Items

- VI. NVTA Monthly Revenue Report** Mr. Longhi, CFO
- VII. NVTA Operating Budget Report** Mr. Longhi, CFO
- VIII. Financial Activities Update – (no written report)** Mr. Longhi, CFO

Adjournment

- IX. Adjournment**

Next Meeting: October 16, 2015 1:30 PM
3040 Williams Drive, Suite 200, Fairfax, Virginia



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 policies 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. NVTB 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.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman York and Members of the NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: September 18, 2015

SUBJECT: Participation in the VML/VACo Finance - Virginia Investment Pool

1. **Purpose.** Proposed election of Authority participation in the Virginia Investment Pool (VIP) which is administered by the Virginia Municipal League (VML) / Virginia Association of Counties (VACo) Finance.
2. **Suggested motion.** *I move the Finance Committee recommend to the Authority, approval of participation in the Virginia Investment Pool administered by VML/VACo Finance through the adoption of resolution 16-01 in a form approved by legal counsel. (Attachment A).*
3. **Background.**
 - a. The Authority has approved transportation projects in fiscal years 2014 through 2016.
 - b. Each project is required to submit a cash flow schedule showing the expected timing of project reimbursements.
 - c. Reimbursements are currently scheduled through FY2020. This schedule changes as additional Standard Projects Agreements are approved by the Authority and prior cash flow schedules are revised.
 - d. Bond proceeds for projects are held with the State Non-Arbitrage Program (SNAP). By the NVTa investment policy bond proceeds must be invested in SNAP.
 - e. PayGo funds assigned to projects are currently held in the State Local Government Investment Pool (LGIP).
 - f. LGIP is a daily liquidity investment pool. Such pools earn a very low interest rate due to the investment structure, which allows for the daily liquidity.
4. **Current Situation.**
 - a. The Authority adopted an Investment Policy on December 11, 2014. The Investment Policy permits the use of external portfolio managers.
 - b. The Virginia Investment Pool (VIP) provides an option for longer term investment placement of PayGo funds which have been assigned to projects and where the scheduled cash flow is not anticipated for 12 months or greater.

- c. VIP was designed to provide Cities, Counties and Towns as well as Authorities a longer term investment pool option.
- d. VIP is specific to Virginia and complies with the Virginia Code and the NVTI Investment Policy.
- e. VIP activities are governed by the Virginia Investment Pool Trust Fund Agreement (attachment B).
- f. VIP is administered by VML/VACo and overseen by a Board of Trustees.
- g. Currently staff members from the City of Alexandria, Arlington County and Fairfax County are members of the Board of Trustees.
- h. The following Northern Virginia jurisdictions participate in the Virginia Investment Pool:
 - i. Arlington County
 - ii. City of Alexandria
 - iii. City of Falls Church
 - iv. Fairfax County
 - v. Town of Leesburg

5. Fiscal Impact.

- a. The Authority had \$303.7 million on deposit with LGIP at the end of July.
- b. LGIP reported an earnings rate of .13% as of June 30, 2015.
- c. VIP recorded gross market yield of .92% as of June 30, 2015.
- d. If use of VIP is authorized, an initial deposit of \$75 million is anticipated by the Authority. Under the rates noted above, \$75 million would earn:
 - i. \$97,500 at LGIP over 12 months (without interest compounding)
 - ii. \$690,000 at VIP over 12 months (without interest compounding)
- e. All interest earnings on the Regional Revenue Fund (PayGo) are considered revenue within the fund and would be available for future projects.

6. Next Steps. Resolution 16-01 (attachment A) will need to be adopted by the Authority and the Authority will need to authorize the Chief financial Officer to sign the Trust Joinder Agreement (attachment C).

7. Attachments:

- A. Resolution 16-01 Authorizing the participation in the VACO/VML Virginia Investment Pool
- B. Virginia Investment Pool Trust Fund Agreement
- C. Trust Joinder Agreement

Coordination:

Council of Counsels

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

RESOLUTION 16-01

A RESOLUTION AUTHORIZING PARTICIPATION IN THE VACO/VML VIRGINIA INVESTMENT POOL TRUST FUND FOR THE PURPOSE OF INVESTING FUNDS BELONGING TO THE NORTHERN VIRGINIA TRANSPORTATION AUTHORITY IN CERTAIN AUTHORIZED INVESTMENTS IN ACCORDANCE WITH SECTIONS 2.2-4501 AND 15.2-1300 OF THE VIRGINIA CODE.

WHEREAS, Section 15.2-1500 of the Virginia Code provides, in part, that every locality shall provide for all the governmental functions of the locality, including, without limitation, the organization of all departments, offices, boards, commissions and agencies of government, and the organizational structure thereof, which are necessary to carry out the functions of government; and

WHEREAS, Section 2.2-4501 of the Virginia Code provides that all municipal corporations and other political subdivisions may invest any and all moneys belonging to them or within their control, other than sinking funds, in certain authorized investments; and

WHEREAS, Section 15.2-1300 of the Virginia Code provides that any power, privilege or authority exercised or capable of exercise by any political subdivision of the Commonwealth of Virginia may be exercised and enjoyed jointly with any other political subdivision of the Commonwealth having a similar power, privilege or authority pursuant to agreements with one another for joint action pursuant to the provisions of that section; and

WHEREAS, any two or more political subdivisions may enter into agreements with one another for joint action pursuant to the provisions of Section 15.2-1300 of the Virginia Code provided that the participating political subdivisions shall approve such agreement before the agreement may enter into force; and

WHEREAS, the City of Chesapeake, Virginia and the City of Roanoke, Virginia have jointly established and are participating in the VACo/VML Virginia Investment Pool (the "Trust Fund"), and have provided in their trust agreement (attached as Exhibit A) for participation by other eligible governmental entities who execute a Trust Joinder Agreement (attached as Exhibit B); and

WHEREAS, it appearing to the governing body of Northern Virginia Transportation Authority (NVTa) that it is otherwise in the best interests of NVTa to become a participant in the Trust Fund; and

WHEREAS, Michael B. Longhi, as chief financial officer of the Northern Virginia Transportation Authority (NVTa), has the authority and responsibility under Virginia law to determine the manner in which funds under his (her) control will be invested;

NOW, THEREFORE THE GOVERNING BODY OF THE NORTHERN VIRGINIA TRANSPORTATION AUTHORITY HEREBY RESOLVES:

§ 1 That, pursuant to Sections 2.2-4501 and 15.2-1300 of the Virginia Code, the Northern Virginia Transportation Authority hereby authorize participation in a pooled trust, for the purpose of investing funds, other than sinking funds, that are determined to derive the most benefit from this investment strategy, belonging to the NVTa or within its control, in certain authorized investments, under the terms set forth in the VACo/VML Virginia Investment Pool Trust Fund Agreement a copy of which is attached hereto as Exhibit A.

§ 2 That the NVTa hereby agrees to become a "Participating Political Subdivision" in the "VACo/VML Virginia Investment Pool " as further defined in Exhibits A and B.

§ 3 That the NVTa hereby designates Michael B. Longhi, Chief Financial Officer of the NVTa to serve as its trustee with respect to the Trust Fund and determine what funds shall be invested in the Trust Fund.

§ 4 That the NVTa hereby authorizes its above-designated trustee to execute and deliver the Trust Joinder Agreement for Participating Political Subdivisions under VACo/VML Virginia Investment Pool, a copy of which is attached hereto as Exhibit B.

§ 5 This resolution shall be in force and effect upon its adoption.

Adopted _____, 20__.

Attested: _____

Exhibits: VACo/VML Virginia Investment Pool Trust Fund Agreement ("Exhibit A")
Trust Joinder Agreement ("Exhibit B")

VIRGINIA INVESTMENT POOL TRUST FUND AGREEMENT

THIS AGREEMENT (the "Agreement"), is made by and among the Participating Political Subdivisions that execute Trust Joinder Agreements to participate in the Virginia Investment Pool Trust Fund, their duly elected Treasurers or other Chief Investment Officers empowered by law to invest the public funds of such Participating Political Subdivisions, and the individuals named as Trustees pursuant to Section 106 hereof and their successors (the "Board of Trustees"). The Participating Political Subdivisions and their Treasurers or Chief Investment Officers hereby establish with the Board of Trustees, and the Board of Trustees hereby accepts, under the terms of this Agreement, a trust for the purpose of investing moneys belonging to or within the control of the respective Participating Political Subdivisions as allowed by law.

WITNESSETH:

WHEREAS, Section 15.2-1500 of the Virginia Code provides, in part, that every locality shall provide for all the governmental functions of the locality, including, without limitation, the organization of all departments, offices, boards, commissions and agencies of government, and the organizational structure thereof, which are necessary to carry out the functions of government; and

WHEREAS, Chapter 45 of Title 2.2 of the Virginia Code (§§ 2.2-4500 *et seq.*) of the Virginia Code provides that all municipal corporations and other political subdivisions may invest any and all moneys belonging to them or within their control, other than sinking funds, in certain authorized investments; and

WHEREAS, Section 15.2-1300 of the Virginia Code provides that any power, privilege or authority exercised or capable of exercise by any political subdivision of the Commonwealth of Virginia may be exercised and enjoyed jointly with any other political subdivision of the Commonwealth having a similar power, privilege or authority pursuant to agreements with one another for joint action pursuant to the provisions of that section; and

WHEREAS, the City of Chesapeake and the City of Roanoke have adopted ordinances approving participation in the Virginia Investment Pool for each such locality; and

WHEREAS, the Participating Political Subdivisions and their Treasurers or Chief Investment Officers and the Board of Trustees of the Virginia Investment Pool Trust Fund (herein referred to as the "Trust Fund") hereby establish a trust for the purpose of investing monies belonging to or within the control of the Participating Political Subdivisions, respectively, other than sinking funds, in investments authorized under Chapter 45 of Title 2.2 of the Virginia Code (§§ 2.2-4500 *et. seq.*); and

WHEREAS, the parties intend that the Trust Fund hereby established shall constitute a tax-exempt governmental trust under Section 115 of the Internal Revenue Code of 1986, as amended;

NOW, THEREFORE, the parties hereto mutually agree as follows:

PART 1- GENERAL PROVISIONS

Section 100. APPLICATION.

The provisions of Part 1 are general administrative provisions applicable to each Part of this Agreement and provisions applicable to the Board of Trustees.

Section 101. DEFINITIONS.

The following definitions shall apply to this Agreement, unless the context of the term indicates otherwise, and shall govern the interpretation of this Agreement:

- A. Administrator. The term "Administrator" means the Virginia Local Government Finance Corporation (d/b/a "VML/VACo Finance") or any successor designated by the Board of Trustees to administer the Trust Fund.
- B. Beneficial Interest. The right of a party to some distribution or benefit from the Trust Fund; a vested interest in the Trust Fund's assets.
- C. Code. The term "Code" means the Internal Revenue Code of 1986, as amended, and, as relevant in context, the Internal Revenue Code of 1954, as amended.
- D. Custodian. The term "Custodian" means the banks, mutual funds, insurance companies or other qualified entities selected by the Board of Trustees, under a separate written document with each, to accept contributions from Participating Political Subdivisions and to hold the assets of the Trust Fund.
- E. Effective Date. The term "Effective Date" means the date coinciding with the last to occur of each of the following events: (i) passage of an ordinance by each of the City of Chesapeake and the City of Roanoke approving such governmental entities as Participating Political Subdivisions in the Trust Fund; (ii) execution by the authorized officer of each such governmental entity of the Trust Joinder Agreement; (iii) execution of this Agreement by all members of the initial Board of Trustees and the Administrator; and (iv) any contribution of cash to the Trust by a Participating Political Subdivision.
- F. Participating Political Subdivision. The term "Participating Political Subdivision" means any county, city, town, or other political subdivision within the State whose governing body has passed an ordinance or resolution to participate in the Trust Fund, and whose Treasurer or Chief Investment Officer, serving as trustee for such Participating Political Subdivision, executes a Trust Joinder Agreement, as provided in Section 301 hereof.
- G. Treasurer. The term "Treasurer" means an officer described in Article VII, Section 4, of the Constitution of Virginia who shall serve as the trustee and representative of its Participating Political Subdivision for purposes of this Agreement. Treasurers shall vote the

beneficial interest of such Participating Political Subdivision in the Trust Fund, as prescribed in Part 3 of this Agreement. Nothing in this agreement shall be construed to limit the discretion of a duly elected Treasurer to invest the public funds of his or her political subdivision in any manner otherwise permitted by law, nor shall the decision of any local governing body to become a Participating Political Subdivision under this agreement compel any duly elected Treasurer having responsibility for such investments of public funds to invest any the locality's funds in the Trust Fund created under this Agreement.

H. Chief Investment Officer. The term "Chief Investment Officer" means an officer designated by the governing body of a Participating Political Subdivision to invest public funds on behalf of the political subdivision and to serve as the trustee of such Participating Political Subdivision with respect to the Trust Fund, but only in a political subdivision that does not have an elected treasurer empowered by law to perform those functions. The term "Chief Investment Officer" may include certain individuals holding the title of "treasurer" for the political subdivision but who are not included in the definition in Subsection F. Each Treasurer or Chief Investment Officer, as the case may be, shall be the trustee and representative of his or her Participating Political Subdivision for purposes of this Agreement and shall vote the beneficial interest of such Participating Political Subdivision in the Trust Fund, as prescribed in Part 3 of this Agreement.

I. Fiscal Year. The first fiscal year of the Trust Fund shall be a short fiscal year beginning on the Effective Date of this Agreement and ending on June 30, 2014. Each subsequent fiscal year of the Trust Fund shall begin on the first day of July and end on the thirtieth day of June.

J. Investment Policy. The term "Investment Policy" means the Virginia Investment Pool Trust Fund Investment Policy, as established by the Board of Trustees, as amended from time to time.

K. Prudent Person. A person who conducts himself faithfully, with intelligence, and exercising sound discretion in the management of his affairs, not in regard to speculation, but in regard to the permanent disposition of his funds, considering the probable income, as well as the probable safety of capital to be invested.

L. State. The term "State" means the Commonwealth of Virginia.

M. Trust Fund. The term "Trust Fund" means the Virginia Investment Pool Trust Fund, comprised of all of the assets set aside hereunder.

N. Trust Joinder Agreement. The term "Trust Joinder Agreement" means the agreement, in the form attached hereto as Exhibit A, pursuant to which the Participating Political Subdivision joins in the Trust Fund, with the Treasurer or Chief Investment Officer, as the case may be, serving as the trustee of such Participating Political Subdivision, and agrees to be bound by the terms and conditions of the Virginia Investment Pool Trust Fund Agreement, as provided in Section 301 hereof.

O. Trustees. The term "Trustees" means the individuals who serve on the Board of Trustees of the Trust Fund pursuant to Section 106 hereof and their successors.

P. Virginia Code. The term "Virginia Code" means the laws embraced in the titles, chapters, articles and sections designated and cited as the "Code of Virginia," under the laws of the State.

Section 102. GENERAL DUTIES AND MEETINGS OF THE BOARD OF TRUSTEES.

A. General Duties. The Board of Trustees and each Investment Manager appointed pursuant to this Agreement shall discharge their respective duties under this Agreement solely as follows: (i) except as otherwise provided by any applicable provision of any statute, regulation, ordinance, or resolution, for the exclusive purpose of fulfilling the investment objectives of the Participating Political Subdivisions and defraying the reasonable expenses of administering the Trust Fund; (ii) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims; and (iii) by diversifying the investments of the Trust Fund so as to minimize the risk of large losses unless under the circumstances, it is clearly prudent not to do so. However, the duties and obligations of the Board of Trustees and each Investment Manager, respectively, as such, shall be limited to those expressly imposed upon them, respectively, by this Agreement. The Board of Trustees shall administer the Trust Fund in compliance with Chapter 45 of Title 2.2 of the Virginia Code (§§ 2.2-4500 et. seq.)

1. Authority of the Trustees. The Trustees shall have the power and authority and shall be charged with the duty of general supervision and operation of the Trust Fund, and shall conduct the business and activities of the Trust Fund in accordance with this Agreement, the Trust Joinder Agreements, rules and regulations adopted by the Board of Trustees and applicable law.

2. Trustees' Liabilities. No Trustee shall be liable for any action taken pursuant to this Agreement in good faith or for an omission except bad faith or gross negligence, or for any act of omission or commission by any other Trustee. The Trustees are hereby authorized and empowered to obtain, at the expense of the Trust Fund, liability insurance fully protecting the respective Trustees, the Administrator, and the Trust Fund from any loss or expense incurred, including reasonable attorney's fees, for all acts of the Trustees except bad faith or gross negligence. The Trust Fund shall save, hold harmless and indemnify the Trustees and Administrator from any loss, damage or expense incurred by said persons or entities while acting in their official capacity excepting bad faith or gross negligence.

3. Standard of Review. In evaluating the performance of the Trustees, compliance by the Trustees with this Agreement must be determined in light of the facts and circumstances existing at the time of the Trustees' decision or action and not by hindsight.

4. Limitations on Liabilities. The Trustees' responsibilities and liabilities shall be subject to the following limitations:

(a) The Trustees shall have no duties other than those expressly set forth in this Agreement and those imposed on the Trustees by applicable laws.

(b) The Trustees shall be responsible only for money actually received by the Trustees, and then to the extent described in this Agreement.

(c) The Trustees shall not be responsible for the correctness of any determination of payments or disbursements from the Trust Fund.

(d) The Trustees shall have no liability for the acts or omissions of any predecessor or successor in office.

(e) The Trustees shall have no liability for (i) the acts or omissions of any Investment Advisor or Advisors, or Investment Manager or Managers; (ii) the acts or omissions of any insurance company; (iii) the acts or omissions of any mutual fund; or (iv) following directions that are given to the Trustees by the Treasurer or Chief Investment Officer in accordance with this Agreement.

B. Reliance on Counsel. The Board of Trustees may employ, retain or consult with legal counsel, who may be counsel for the Administrator, concerning any questions which may arise with reference to the duties and powers or with reference to any other matter pertaining to this Agreement; and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustees in good faith in accordance with the opinion of such counsel, and the Trustees shall not be individually or collectively liable therefor.

C. Meetings. The Board of Trustees shall meet at least three times per year, and more frequently if called, at the principal office of the Trust Fund or at such other location as may be acceptable to a majority of the Trustees. One such meeting of the Board of Trustees shall be held as soon as practicable after the adjournment of the annual meeting of Treasurers or Chief Investment Officers of Participating Political Subdivisions at such time and place as the Board of Trustees may designate. Other meetings of the Board of Trustees shall be held at places within the Commonwealth of Virginia and at times fixed by resolution of the Board of Trustees, or upon call of the Chairperson of the Board or a majority of the Trustees, on not less than ten (10) days' advance notice. Such notice shall be directed to the Trustees by mail to the respective addresses of the Trustees as recorded in the office of the Trust Fund. The notice of any special meetings of the Board of Trustees shall state the purpose of the meeting.

A majority of the number of Trustees elected and serving at the time of any meeting shall constitute a quorum for the transaction of business. Each Trustee shall be entitled to cast a single vote of equal weight on each question coming before the Board. Proxy voting is not allowed. The act of a majority of Trustees present at a meeting at which a quorum is present,

shall be the act of the Board of Trustees unless otherwise specified in this agreement. Less than a quorum may adjourn any meeting.

Robert's Rules of Order Newly Revised (11th edition) shall be the parliamentary authority for the Board of Trustees.

D. Office of the Trust Fund. The Administrator shall establish, maintain and provide adequate funding for an office for the administration of the Trust Fund. The address of such office is to be made known to the parties interested in or participating in the Trust Fund and to the appropriate governmental agencies. The books and records pertaining to the Trust Fund and its administration shall be kept and maintained at the office of the Trust Fund.

E. Execution of Documents. A certificate signed by a person designated by the Board of Trustees to serve as Secretary shall be evidence of the action of the Trustees, and any such certificate or other instrument so signed shall be kept and maintained at the office of the Trust Fund and may be relied upon as an action of the Trustees.

F. Appointment and Removal of Administrator. The Virginia Local Government Finance Corporation is hereby initially designated the Administrator pursuant to an administrative services agreement between the parties. The Board of Trustees shall provide compensation for the Administrator to administer the affairs of the Trust Fund. Any three (3) Trustees may call for a vote of the Board of Trustees to remove the Administrator by providing no less than 30 days' notice to the other Trustees and to the Administrator. A vote will be scheduled at the next meeting of the Board of Trustees, for which sufficient notice can be given, at which meeting the Administrator may be removed on a majority vote of the Trustees then serving. Upon removal of the Administrator, the Board of Trustees shall designate a successor Administrator.

G. Duty to Furnish Information. The Treasurers or Chief Investment Officers and the Board of Trustees shall furnish to each other any document, report, return, statement or other information that the other reasonably deems necessary to perform duties imposed under this Agreement or otherwise imposed by law.

H. Reliance on Communications. The Board of Trustees may rely upon a certification of a Treasurer or Chief Investment Officer with respect to any instruction, direction, or approval of its Participating Political Subdivision and may continue to rely upon such certification until a subsequent certification is filed with the Trustees. The Trustees shall have no duty to make any investigation or inquiry as to any statement contained in any such writing but may accept the same as fully authorized by the Treasurer or Chief Investment Officer and its Participating Political Subdivision.

Section 103. ADMINISTRATIVE POWERS AND DUTIES.

A. Trustees. The Board of Trustees, in addition to all powers and authorities under common law or statutory authority, including Chapter 45 of Title 2.2 of the Virginia Code (§§ 2.2-4500 *et seq.*), and subject to the requirements and limitations imposed by the common

law or statutory authority, including Chapter 45 of Title 2.2 of the Virginia Code (§§ 2.2-4500 et seq.), shall have and in its sole and absolute discretion may exercise from time to time and at any time, either through its own actions, delegation to the Administrator, or through a Custodian selected by the Board of Trustees, the following administrative powers and authority with respect to the Trust Fund:

1. To receive for the purposes hereof all cash contributions paid to it by or at the direction of the Participating Political Subdivisions or their Treasurers or Chief Investment Officers.

2. To hold, invest, reinvest, manage, administer and distribute cash balances as shall be transferred to the Trustees from time to time by the Participating Political Subdivisions or their Treasurers or Chief Investment Officers and the increments, proceeds, earnings and income thereof for the exclusive benefit of Participating Political Subdivisions.

3. To continue to hold any property of the Trust Fund that becomes otherwise unsuitable for investment for as long as the Board of Trustees in its discretion deems desirable; to reserve from investment and keep unproductive of income, without liability for interest, cash temporarily awaiting investment and such cash as it deems advisable, or as the Administrator from time to time may specify, in order to meet the administrative expenses of the Trust Fund or anticipated distributions therefrom.

4. To hold property of the Trust Fund in the name of the Trust Fund, or in the name of a nominee or nominees (e.g., registered agents), without disclosure of the trust, or in bearer form so that it will pass by delivery, but no such holding shall relieve the Board of Trustees of its responsibility for the safe custody and disposition of the Trust Fund in accordance with the provisions of this Agreement; the books and records of the Board of Trustees shall show at all times that such property is part of the Trust Fund and the Board of Trustees shall be absolutely liable for any loss occasioned by the acts of its nominee or nominees with respect to securities registered in the name of the nominee or nominees.

4. To employ in the management of the Trust Fund suitable agents, without liability for any loss occasioned by any such agents, so long as they are selected with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

5. To make, execute and deliver, as trustee, any deeds, conveyances, leases, mortgages, contracts, waivers or other instruments in writing that it may deem necessary or desirable in the exercise of its powers under this Agreement.

6. To do all other acts that it may deem necessary or proper to carry out any of the powers set forth in this Section 103 or Section 202, to administer or carry out the purposes of the Trust Fund, or as otherwise is in the best interests of the Trust Fund;

provided, however, the Board of Trustees need not take action unless in its opinion there are sufficient Trust Fund assets available for the expense thereof.

7. To adopt rules and regulations governing the Trustees' operations and procedures.

8. To contract with municipal corporations, political subdivisions and other public entities of State or of local government and private entities for the provision of Trust Fund services and for the use or furnishing of services and facilities necessary, useful, or incident to providing Trust Fund services.

9. To advise the Administrator on the establishment of expectations with regard to the provision of administrative services and the establishment of appropriate fee levels.

10. To establish and charge fees for participation in the Trust Fund and for additional administrative services provided to a Participating Political Subdivision in addition to any fees charged by other administrative service providers.

11. To collect and disburse all funds due or payable from the Trust Fund, under the terms of this Agreement.

12. To provide for and promulgate all rules, regulations, and forms deemed necessary or desirable in contracting with Treasurers and Chief Investment Officers and their Participating Political Subdivisions, in fulfilling the Trustees' purposes and in maintaining proper records and accounts.

13. To employ insurance companies, banks, trust companies, investment brokers, investment advisors, or others as agents for the receipt and disbursement of funds held in trust for Participating Political Subdivisions.

14. To determine, consistent with the applicable law and the procedures under the Trust Fund, all questions of law or fact that may arise as to investments and the rights of any Participating Political Subdivision to assets of the Trust Fund.

15. Subject to and consistent with the Code and the Virginia Code, to construe and interpret the Trust Agreement and to correct any defect, supply any omissions, or reconcile any inconsistency in the Agreement.

16. To contract for, purchase or otherwise procure insurance and investment products.

B. Administrator. Pursuant to an administrative services agreement between the Board of Trustees and the Administrator, the Administrator shall have the power and authority to implement policy and procedural matters as directed by the Board of Trustees as they relate to the ongoing operation and supervision of the Trust Fund and the provisions of this Agreement

and applicable law. The Administrator shall immediately make application for a fidelity bond, to any company designated by the Board of Trustees, in such amount as may be specified by the Board of Trustees. The premium on such bond shall be paid from the Trust Fund, which bond shall be continued in force in such amount as the Board of Trustees may from time to time require. If the Administrator's bond is refused, or is ever cancelled, the Administrator may be removed on a majority vote of the Trustees then serving.

Section 104. TAXES, EXPENSES AND COMPENSATION OF TRUSTEES.

A. Taxes. The Administrator, without direction from the Board of Trustees, shall pay out of the Trust Fund all taxes, if any, properly imposed or levied with respect to the Trust Fund, or any part thereof, under applicable law, and, in its discretion, may contest the validity or amount of any tax, assessment, claim or demand respecting the Trust Fund or any part thereof.

B. Expenses and Compensation. The Board of Trustees is authorized to set aside from Participating Political Subdivision contributions received and the investment income earned thereon a reasonable sum for the operating expenses and administrative expenses of the Trust Fund including but not limited to, the employment of such administrative, legal, accounting, and other expert and clerical assistance, and the purchase or lease of such materials, supplies and equipment as the Board of Trustees, in its discretion, may deem necessary or appropriate in the performance of its duties, or the duties of the agents or employees of the Trust Fund or the Trustees.

All remaining funds coming into the Trust shall be set aside, managed and used only for the benefit of Participating Political Subdivisions.

Section 105. COMMUNICATIONS.

Until notice is given to the contrary, communication to the Trustees or to the Administrator shall be sent to them at the Trust Fund's office in care of the Administrator. The Administrator's address is VML/VACo Finance at 919 E. Main Street, Suite 1100 Richmond, VA 23219.

Section 106. APPOINTMENT, RESIGNATION OR REMOVAL OF TRUSTEES.

A. Appointment of Trustees and Length of Appointment. The number of Trustees serving on the Board of Trustees shall be fourteen (14).

1. The initial group of Trustees to establish the Trust Fund will be comprised as follows: (a) the Treasurer of the City of Chesapeake, (b) the Treasurer of the City of Roanoke, (c) five (5) individuals designated by the Board of Directors of the Virginia Association of Counties ("VACo"), (d) five (5) individuals designated by the Board of Directors of the Virginia Municipal League ("VML"), (e) the Executive Director of VACo, who shall serve as a non-voting *ex officio* trustee, and (f) the Executive Director of VML, who shall serve as a non-voting *ex officio* trustee. VACo and VML shall give priority for appointment to Treasurers and Chief Investment Officers. The appointees of

VACo and VML serve until successor trustees are elected at the first annual meeting of the Treasurers and Chief Investment Officers.

2. With the first annual meeting of the Treasurers and Chief Investment Officers, the Board of Trustees shall be divided into three classes, A, B, and C. Class A will include the Treasurers of the two founding Participating Political Subdivisions, who shall continue to serve for two 3-year terms until successor trustees are elected at the annual meeting of the Treasurers and Chief Investment Officers to be held in Fiscal Year 2021 (the "Fiscal Year 2021 annual meeting"), and two trustees to be elected to serve until successor trustees are elected at the annual meeting to be held in Fiscal Year 2018. Class B, will serve for a transitional period until successor trustees are elected at the annual meeting to be held in Fiscal Year 2017. Class C will serve for a transitional period until successor trustees are elected at the annual meeting to be held in Fiscal Year 2016.

One of the Class B seats and one of the Class C seats will be designated to be filled by a Treasurer or Chief Investment Officer of a locality with a population of 75,000 or less, according to the latest decennial census. Individuals who do not meet this requirement may not be nominated for a seat so designated.

3. On or after July 1, 2014, the Trustees shall solicit nominations from the Treasurers and Chief Investment Officers of Participating Political Subdivisions for two Class A, four Class B, and four Class C Trusteeships, and such nominees, along with any nominations from the floor, shall constitute the candidates for the election of Trustees by vote at the Fiscal Year 2015 annual meeting of the Treasurers and Chief Investment Officers as provided in Section 307. In the event that there are not a sufficient number of eligible nominees from among Participating Political Subdivisions, nominations will be provided by the Executive Directors of the Virginia Association of Counties and the Virginia Municipal League. VACo and VML shall give priority for nomination, firstly, to Treasurers and Chief Investment Officers of Participating Political Subdivisions and, secondly, to treasurers and chief investment officers of non-participating political subdivisions.

4. On or after July 1, 2015, the Trustees shall solicit nominations from Treasurers and Chief Investment Officers of Participating Political Subdivisions for Class C Trusteeships, and such nominees, along with any nominations from the floor, shall constitute the candidates for the election of Trustee by vote at the Fiscal Year 2016 annual meeting of the Treasurers and Chief Operating Officers as provided in Section 307. In the event that there are not a sufficient number of eligible nominees from among Participating Political Subdivisions, nominations will be provided by the Executive Directors of the Virginia Association of Counties and the Virginia Municipal League. VACo and VML shall give priority for nomination, firstly, to Treasurers and Chief Investment Officers of Participating Political Subdivisions and, secondly, to treasurers and chief investment officers of non-participating political subdivisions.

5. At each annual meeting of Treasurers and Chief Investment Officers following the transitional period, the successors to the class of Trustees whose terms shall then expire shall be identified as being of the same class as the trustees they succeed and elected to hold office for a term expiring at the third succeeding annual meeting of Treasurers and Chief Investment Officers. Trustees shall hold their offices until the next annual meeting of Treasurers and Chief Investment Officers for such Trustee's respective Class and until their successors are elected and qualify.

6. At each annual meeting of the Treasurers and Chief Investment Officers, the incumbent Trustees will present all nominations received for each class of Trustees (A, B, and/or C) for which an election is to be held and entertain nominations from the floor. If a Treasurer or Chief Investment Officer does not designate a particular class for its nominee(s), such names will be included on the lists of eligible nominees for each class for which an election is to be held unless the individual named is elected to another seat.

7. No individual Trustee may be elected or continue to serve as a Trustee after becoming an owner, officer or employee of the Administrator, an Investment Advisor, an Investment Manager or a Custodian. Beginning with the FY 2017 annual meeting, no Trustee may be elected or continue to serve as a Trustee unless he or she is a Treasurer or Chief Investment Officer of a Participating Political Subdivision or has received a delegation of authority according to the requirements of Section 106(A)(8). In the event that there are not a sufficient number of eligible nominees as of the date of the annual meeting, the position will be declared vacant.

8. A Treasurer or Chief Investment Officer may delegate to a subordinate officer who holds investment responsibilities the authority to seek election to and serve as a member of the Board of Trustees as a representative of the Participating Political Subdivision. Such officers will be entitled to the same rights and responsibilities as Treasurers and Chief Investment Officers with respect to seeking election to and serving on the Board of Trustees. The delegation of authority and any subsequent rescission of a delegation of authority must be delivered in writing to the Secretary of the Board of Trustees. If a delegation of authority is rescinded, the affected position on the Board of Trustees will be considered vacated. All references to "Treasurers" and "Chief Investment Officers" in Section 106 will pertain equally to such individuals delegated authority under this provision.

9. Each Trustee and each successor Trustee shall acknowledge and consent to his or her election as a Trustee at the annual meeting at which he/she is elected or, if subsequent to the annual meeting, by giving written notice of acceptance of such election to the Chairperson of the Trustees.

B. Resignation of a Trustee.

1. A Trustee may resign from all duties and responsibilities under this Agreement by giving written notice to the Chairperson of the Trustees. The Chairperson

may resign from all duties and responsibilities under this Agreement by giving written notice to all of the other Trustees. Such notice shall state the date such resignation shall take effect and such resignation shall take effect on such date but not later than sixty (60) days after the date such written notice is given.

2. Any Trustee, upon leaving office, shall forthwith turn over and deliver to the Administrator at the principal office of the Trust Fund any and all records, books, documents or other property in his or her possession or under his or her control which belong to the Trust Fund.

C. Removal of a Trustee. Each Trustee, unless due to resignation, death, incapacity, removal, or conviction of a felony or any offense for which registration is required as defined in Virginia Code § 9.1-902, shall serve and shall continue to serve as Trustee hereunder, subject to the provisions of this Agreement.

A Trustee shall relinquish his or her office or may be removed by a majority vote of the Trustees then serving or *ipso facto* when the Employer which he/she represents is no longer a Participating Political Subdivision in the Trust Fund. Notice of removal of a Trustee shall be furnished to the other Trustees by the Chairperson of the Trustees and shall set forth the effective date of such removal. Notice of removal of the Chairperson shall be furnished to the other Trustees by the Administrator and shall set forth the effective date of such removal.

D. Appointment of a Successor Trustee. Except as otherwise provided in part A.1 of this Section with respect to the initial term of Class A Trustees, in the event a Trustee shall die, resign, become incapacitated, be removed from office, or convicted of a felony or any offense for which registration is required as defined in Virginia Code § 9.1-902, a successor Trustee shall be elected forthwith by the affirmative vote of the majority of the remaining Trustees though less than a quorum of the Board of Trustees. The notice of the election of a successor Trustee shall be furnished to the other Trustees by the Chairperson. In case of the removal, death, resignation, etc. of the Chairperson, notice of the election of a successor Trustee, and the new Chairperson, shall be furnished to the other Trustees by the Administrator. Nominations for interim replacement of vacant positions may be made by any member of the Board of Trustees. The term of office of any Trustee so elected shall expire at the next Annual Meeting of Treasurers and Chief Investment Officers at which Trustees are elected. The successor Trustee shall be elected to complete the term for the Class to which such Trustee has been assigned. In the event that a vacancy occurs in the office of either the Treasurer of Chesapeake or the Treasurer of Roanoke prior to the FY 2021 annual meeting, the newly assigned Treasurer of the founding Participating Political Subdivision will automatically assume the vacant position.

E. Trustees' Rights. In case of the death, resignation or removal of any one or more of the Trustees, the remaining Trustees shall have the powers, rights, estates and interests of this Agreement as Trustees and shall be charged with the duties of this Agreement; provided in such cases, no action may be taken unless it is concurred in by a majority of the remaining Trustees. However, if such vacancies leave less than a quorum of Trustees, the remaining trustees may only act to appoint successors. Only after a quorum has been established may the trustees take the other actions established in this subsection.

Section 107. BONDING.

All Trustees shall immediately make application for a fidelity bond, to any company designated by the Board of Trustees, in such amount as may be specified by the Board of Trustees. Premiums on such bonds shall be paid from the Trust Fund, which bonds shall be continued in force in such amount as the Board of Trustees may from time to time require. If a Trustee's bond is refused, or is ever cancelled, except with the Board of Trustees' approval, such Trustee may be removed from office by majority vote of the Trustees then serving.

PART 2 – PROVISIONS APPLICABLE TO INVESTMENTS

Section 200. APPLICATION.

The provisions of Part 2 apply to the investments of the Trust Fund.

Section 201. ADMINISTRATION OF TRUST.

A. General. All such assets shall be held by the Trustees in the Trust Fund.

B. Contributions. The Board of Trustees hereby delegates to the Custodian the responsibility for accepting cash contributions to the Trust Fund, and the Custodian shall have the responsibility for accepting cash contributions by Participating Political Subdivisions. Assets held in the Trust Fund shall be dedicated to the benefit of each Participating Political Subdivision, respectively, or to defraying reasonable expenses of the Trust Fund. All contributions by a Participating Political Subdivision shall be transferred to the Trust Fund to be held, managed, invested and distributed as part of the Trust Fund by the Trustees in accordance with the provisions of this Agreement and applicable law.

C. Applicable Laws and Regulations. The Board of Trustees shall be authorized to take the steps it deems necessary or appropriate to comply with any laws or regulations applicable to the Trust Fund.

D. Accumulated Share. No Participating Political Subdivision shall have any right, title or interest in or to any specific assets of the Trust Fund, but shall have an undivided beneficial interest in the Trust Fund; however, there shall be a specific accounting of assets allocable to each Participating Political Subdivision.

Section 202. MANAGEMENT OF INVESTMENTS OF THE TRUST FUND.

A. Authority of Trustees. Except as set forth in subsections C, D, F, or G of this Section, and except as otherwise provided by law, the Board of Trustees shall have exclusive authority and discretion to manage and control the assets of the Trust Fund held by them pursuant to the guidelines established by the Board of Trustees in the Investment Policy.

B. Investment Policy. The Board of Trustees, as its primary responsibility under this Agreement, shall develop a written Investment Policy establishing guidelines applicable to the investment of the assets of the Trust Fund, and from time to time shall modify such Investment Policy, in light of the short and long-term financial interests of the Participating Political Subdivisions and the Trust Fund. The Investment Policy shall serve as the description of the funding policy and method for the Trust Fund.

C. Investment Advisor. From time to time, the Administrator may, pursuant to approval of the Board of Trustees, appoint one (1) or more independent Investment Advisors ("Investment Advisor"), pursuant to a written investment advisory agreement with each, describing the powers and duties of the Investment Advisor with regard to the management of all or any portion of any investment or trading account of the Trust Fund. The Investment Advisor shall review, a minimum of every calendar quarter, the suitability of the Trust Fund's investments, the performance of the Investment Managers and their consistency with the objectives of the Investment Policy with assets in the portion of the Trust Fund for which the Investment Manager has responsibility for management, acquisition or disposition.

If the Administrator contracted with a lead Investment Advisor prior to the establishment of this Agreement, the Board of Trustees may ratify such contract. The lead Investment Advisor will serve at the pleasure of the Board of Trustees and will be compensated for its recurring, usual and customary services.

Subject to the approval of the Board of Trustees, the Investment Advisor shall recommend an asset allocation for the Trust Fund that is consistent with the objectives of the Investment Policy. If the Board of Trustees shall approve a separate Investment Policy with respect to assets in a segregated portion of the Trust Fund, the Investment Advisor shall recommend an asset allocation for such segregated portion of the Trust Fund that is consistent with the objectives of such Investment Policy. At least annually, the Investment Advisor shall review the Investment Policy and asset allocation with the Board of Trustees. The Investment Advisor shall also advise the Board of Trustees with regard to investing in a manner that is consistent with applicable law, based on majority vote of the Board of Trustees, and in consideration of the expected distribution requirements of the Plans.

D. Investment Managers. The Board of Trustees, from time to time, may appoint one (1) or more independent Investment Managers ("Investment Manager"), pursuant to a written investment management agreement with each, describing the powers and duties of the Investment Manager to invest and manage all or a portion of the Trust Fund. The Investment Manager shall have the power to direct the management, acquisition or disposition of that portion of the Trust Fund for which the Investment Manager is responsible.

The Board of Trustees shall be responsible for ascertaining that each Investment Manager, while acting in that capacity, satisfies the following requirements:

1. The Investment Manager is either (i) registered as an investment advisor under the Investment Advisors Act of 1940, as amended; (ii) a bank as defined in that

Act; or (iii) an insurance company qualified to perform the services described herein under the laws of more than one state; and

2. The Investment Manager has acknowledged in writing to the Board of Trustees that it is a fiduciary with respect to the assets in the portion of the Trust Fund for which the Investment Manager has responsibility for management, acquisition or disposition.

If the Administrator contracted with a lead Investment Manager prior to the establishment of this Agreement, the Board of Trustees may ratify such contract. The lead Investment Manager will serve at the pleasure of the Board of Trustees and will be compensated for its recurring, usual and customary services.

E. Custodian. The Custodian is responsible for holding all funds and securities in a separate account in the name of the Trust, collecting all income and principal due the Trust from securities held, accepting contributions and distributing redemptions, and properly accepting for delivery and/or delivering securities in accordance with the contract between the Trust and each Custodian. It will maintain a record of the shares of beneficial interest owned by Participants and will provide fund accounting services for the Trust, to include calculation of the net asset value of the Portfolio on a semi-monthly basis. The Custodian shall provide monthly statements and performance reports to each participant and at the request of the Board of Trustees certify the value of any property of the Trust Fund managed by the Investment Manager(s). The Trustees shall be entitled to rely conclusively upon such valuation for all purposes under the Trust Fund.

F. Absence of Trustees' Responsibility for Investment Advisor and Manager. Except to the extent provided in paragraph A of Section 102 above, the Board of Trustees, collectively and individually, shall not be liable for any act or omission of any Investment Manager and shall not be under any obligation to invest or otherwise manage the assets of the Trust Fund that are subject to the management of any Investment Manager. Without limiting the generality of the foregoing, the Board of Trustees shall be under no duty at any time to make any recommendation with respect to disposing of or continuing to retain any such asset. Furthermore, the Board of Trustees, collectively and individually, shall not be liable by reason of its taking or refraining from taking the advice of the Investment Advisor any action pursuant to this Section, nor shall the Board of Trustees be liable by reason of its refraining from taking any action to remove or replace any Investment Manager on advice of the Investment Advisor; and the Trustees shall be under no duty to make any review of an asset acquired at the direction or order of an Investment Manager.

G. Reporting. The Board of Trustees shall be responsible for and shall cause to be filed periodic audits, valuations, reports and disclosures of the Trust Fund as are required by law or agreements. Notwithstanding anything herein to the contrary, the Board of Trustees shall cause the Trust Fund to be audited by a certified public accounting firm retained for this purpose at least once each year. The Board of Trustees may employ professional advisors to prepare such audits, valuations, reports and disclosures and the cost of such professional advisors shall be borne by the Trust Fund.

H. Commingling Assets. Except to the extent prohibited by applicable law, the Board of Trustees may commingle the assets of all Participating Political Subdivisions held by the Board of Trustees under this Agreement for investment purposes in the Trust Fund and shall hold the Trust Fund in trust and manage and administer the same in accordance with the terms and provisions of this Agreement. However, the assets of each Participating Political Subdivision shall be accounted for separately.

Section 203. ACCOUNTS.

The Trustees shall keep or cause to be kept at the expense of the Trust Fund accurate and detailed accounts of all its receipts, investments and disbursements under this Agreement, with the Trustees causing the Investment Advisor to account separately for each Investment Manager's portion of the Trust Fund.

Section 204. DISBURSEMENTS FROM THE TRUST.

A. Trust Payments. The Board of Trustees hereby delegates to the Administrator the responsibility for making payments from the Trust Fund. In accordance with rules and regulations established by the Board of Trustees, the Administrator shall make payments from the Trust Fund as directed by the Treasurer or Chief Investment Officer of each Participating Political Subdivision. Payments shall be made in such manner, in such amounts and for such purposes as may be directed by the respective Treasurer or Chief Investment Officer. Payments from the Trust Fund shall be made by electronic transfer or check (or the check of an agent) for deposit to the order of the payee. Payments or other distributions hereunder may be mailed to the payee at the address last furnished to the Administrator. The Trustees shall not incur any liability on account of any payment or other distribution made by the Trust Fund in accordance with this Section. Such payment shall be in full satisfaction of claims hereunder against the Trustee, Administrator or Participating Political Subdivision.

B. Allocation of Expenses. The Trustees shall pay all expenses of the Trust Fund from the assets in the Trust Fund. All expenses of the Trust Fund, which are allocable to a particular investment option or account, may be allocated and charged to such investment option or account as determined by the Trustees. All expenses of the Trust Fund which are not allocable to a particular investment option or account shall be charged to each such investment option or account in the manner established by the Trustees.

Section 205. INVESTMENT OPTIONS.

The Trustees shall initially establish one (1) investment option within the Trust Fund pursuant to the Investment Policy, for communication to, and acceptance by, Treasurers and Chief Investment Officers. Following development of the initial "investment option" pursuant to the Investment Policy, the Board of Trustees may develop additional investment options, reflecting different risk/return objectives and corresponding asset mixes, for selection by Treasurers and Chief Investment Officers, as alternatives to the initial investment option. The determination to add alternative investment options to the Investment Policy, and the development of each such investment option, are within the sole and absolute discretion of the Board of Trustees. The Trustees shall transfer to any deemed investment option developed

hereunder such portion of the assets of the Trust Fund as appropriate. The Trustees shall manage, acquire or dispose of the assets in an investment option in accordance with the directions given by each Treasurer or Chief Investment Officer. All income received with respect to, and all proceeds received from, the disposition of property held in an investment option shall be credited to, and reinvested in, such investment option.

If multiple investment options are developed, from time to time, the Board of Trustees may eliminate an investment option, and the proceeds thereof shall be reinvested in the remaining investment option having the shortest duration of investments unless another investment option is selected in accordance with directions given by the Treasurer or Chief Investment Officer.

Notwithstanding anything in this agreement to the contrary, the Board of Trustees, in its sole discretion, may establish a separate, short-term investment option or fund, to facilitate contributions, disbursements or other short-term liquidity needs of the Trust or of particular Participating Political Subdivisions. Separate investment funds within the Trust Fund and varying percentages of investment in any such separate investment fund by the Participating Political Subdivisions, to the extent so determined by the Board of Trustees, are expressly permitted.

PART 3 – PROVISIONS APPLICABLE TO PARTICIPATING POLITICAL SUBDIVISIONS

Section 300. APPLICATION.

The provisions of Part 3 set forth the rights of Participating Political Subdivisions.

Section 301. PARTICIPATING POLITICAL SUBDIVISIONS.

A. **Approval.** The Board of Trustees or its designee shall receive applications from Treasurers and Chief Investment Officers of Participating Political Subdivisions for membership in the Trust Fund and shall approve or disapprove such applications for membership in accordance with the terms of this Agreement, the Trust Joinder Agreement, and the rules and regulations established by the Board of Trustees for admission of new Participating Political Subdivisions. The Board of Trustees shall have total discretion in determining whether to accept a new member. The Board of Trustees may delegate the authority for membership approval to the Administrator.

B. **Execution of Trust Joinder Agreement.** Once the governing body of a political subdivision has approved an ordinance or resolution to participate in the Trust Fund, its Treasurer or Chief Investment Officer, serving as trustee for such political subdivision, may execute a Trust Joinder Agreement in such form and content as prescribed by the Board of Trustees. By the execution of the Trust Joinder Agreement, the Participating Political Subdivision agrees to be bound by all the terms and provisions of this Agreement, the Trust Joinder Agreement, and any rules and regulations adopted by the Trustees under this Agreement. The Treasurer or Chief Investment Officer of each Participating Political

Subdivision, serving as such Participating Political Subdivision's trustee shall represent such Participating Political Subdivision's interest in all meetings, votes, and any other actions to be taken by a Participating Political Subdivision hereunder, provided that a Treasurer who elects not to invest public funds pursuant to the Joinder Agreement shall have no obligation to serve as a trustee for his or her locality.

C. Continuing as a Participating Political Subdivision. Application for participation in this Agreement, when approved in writing by the Board of Trustees or its designee, shall constitute a continuing contract for each succeeding fiscal year unless terminated by the Trustees or unless the Participating Political Subdivision resigns or withdraws from this Agreement by written notice sent by its duly authorized official. The Board of Trustees may terminate a Participating Political Subdivision's participation in this Agreement for any reason by vote of a three-fourths (3/4) majority of the voting members of the Board of Trustees present at a duly called meeting. If the participation of a Participating Political Subdivision is terminated, the Board of Trustees and the Administrator shall effect the withdrawal of such Participating Political Subdivision's beneficial interest in the Trust in accordance with its usual withdrawal policies.

Section 302. MEETINGS OF PARTICIPATING POLITICAL SUBDIVISIONS.

A. Places of Meetings. All meetings of the Treasurers and Chief Investment Officers shall be held at such place, within the Commonwealth of Virginia, as from time to time may be fixed by the Trustees.

B. Annual Meetings. The annual meeting of the Treasurers and Chief Investment Officers of Participating Political Subdivisions, for the election of Trustees and for the transaction of such other business as may come before the annual meeting, shall be held at such time on such business day between September 1st and October 31st as shall be designated by resolution of the Board of Trustees.

C. Special Meetings. Special meetings of the Treasurers or Chief Investment Officers for any purpose or purposes may be called at any time by the Chairperson of the Board of Trustees, by the Board of Trustees, or if Treasurers and Chief Investment Officers together holding at least twenty percent (20%) of all votes entitled to be cast on any issue proposed to be considered at the special meeting sign, date and deliver to the Trust Fund's Secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held. At a special meeting no business shall be transacted and no action shall be taken other than that stated in the notice of the meeting.

D. Notice of Meetings. Written notice stating the place, day and hour of every meeting of the Treasurers and Chief Investment Officers and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each Participating Political Subdivision's Treasurer or Chief Investment Officer of record entitled to vote at such meeting, at the address which appears on the books of the Trust Fund. Such notice may include any rules established by the Board of Trustees governing the nomination and election of candidates, determination of vote allocations, and other such matters.

E. Quorum. Any number of Treasurers and Chief Investment Officers together holding at least a majority of the outstanding beneficial interests entitled to vote with respect to the business to be transacted, who shall be physically present in person at any meeting duly called, shall constitute a quorum of such group for the transaction of business. If less than a quorum shall be in attendance at the time for which a meeting shall have been called, the meeting may be adjourned from time to time by a majority of the Treasurers and Chief Investment Officers present. Once a beneficial interest is represented for any purpose at a meeting of Treasurers and Chief Investment Officers, it shall be deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is, or shall be, set for that adjourned meeting.

F. Voting. At any meeting of the Treasurers and Chief Investment Officers, each Treasurer or Chief Investment Officer entitled to vote on any matter coming before the meeting shall, as to such matter, have one vote, in person, for each two hundred fifty thousand (\$250,000) dollars, or fraction thereof, invested in its name in the Trust Fund, based upon an annual weighted average during the previous fiscal year ending June 30. Notwithstanding the preceding sentence, at any meeting held after the date the *tenth (10th)* Participating Political Subdivision joins the Trust, no one Treasurer or Chief Investment Officer may vote more than *twenty percent (20%)* of the total votes cast. A Treasurer or Chief Investment Officer may, by written and signed proxy, designate another employee or elected official of his/her Participating Political Subdivision to cast his/her votes in person at the meeting. A delegation of authority issued under Section 106(A) (8) does not replace the requirement for a written and signed proxy at meetings of the Treasurers and Chief Investment Officers of Participating Political Subdivisions.

If a quorum is present at a meeting of the Treasurers and Chief Investment Officers, action on a matter other than election of Trustees shall be approved if the votes cast favoring the action exceed the votes cast opposing the action, unless a vote of a greater number is required by this Agreement. If a quorum is present at a meeting of the Treasurers and Chief Investment Officers, nominees for Trustees for all open seats for each class of Trustees on the Board of Trustees shall be elected by a plurality of the votes cast by the beneficial interests entitled to vote in such election.

Treasurers and Chief Investment Officers at the annual meeting will vote at one time to fill all open positions within a single class of Trustees. Elections will be held by class, in the order of the length of the terms to be filled, beginning with the longest term. Each Treasurer or Chief Investment Officer will cast up to the full number of its votes for each open position within a class of Trustees but may not cast votes for more than the number of open positions in such class. Those nominees receiving the largest plurality of votes, up to the number of positions to be filled, will be declared elected. Subsequent votes may be held to break any ties, if necessary, in order to elect the correct number of Trustees.

PART 4 – PROVISIONS APPLICABLE TO OFFICERS

Section 401. ELECTION AND REMOVAL OF OFFICERS.

A. **Election of Officers; Terms.** The Board of Trustees shall appoint the officers of the Trust Fund. The officers of the Trust Fund shall consist of a Chairperson of the Board, a Vice-Chairperson, and a Secretary. The Secretary need not be a member of the Board of Trustees and may be the Administrator. Other officers, including assistant and subordinate officers, may from time to time be elected by the Board of Trustees, and they shall hold office for such terms as the Board of Trustees may prescribe. All officers shall hold office until the next annual meeting of the Board of Trustees and until their successors are elected.

B. **Removal of Officers; Vacancies.** Any officer of the Trust Fund may be removed summarily with or without cause, at any time, on a three-fourths (¾) vote of the Board of Trustees present at a duly called meeting. Vacancies may be filled by the Board of Trustees.

Section 402. DUTIES.

A. **Duties, generally.** The officers of the Trust Fund shall have such duties as generally pertain to their offices, respectively, as well as such powers and duties as are prescribed by law or are hereinafter provided or as from time to time shall be conferred by the Board of Trustees. The Board of Trustees may require any officer to give such bond for the faithful performance of such officer's duties as the Board of Trustees may see fit.

B. **Duties of the Chairperson.** The Chairperson shall be selected from among the Trustees. Except as otherwise provided in this Agreement or in the resolutions establishing such committees, the Chairperson shall be *ex officio* a member of all Committees of the Board of Trustees. The Chairperson shall preside at all Board meetings. The Chairperson may sign and execute in the name of the Trust Fund stock certificates, deeds, mortgages, bonds, contracts or other instruments except in cases where the signing and the execution thereof shall be expressly delegated by the Board of Trustees or by this Agreement to some other officer or agent of the Trust Fund or as otherwise required by law. In addition, he/she shall perform all duties incident to the office of the Chairperson and such other duties as from time to time may be assigned to the Chairperson by the Board of Trustees. In the event of any vacancy in the office of the Chairperson, the Vice-Chairperson shall serve as Chairperson on an interim basis until such vacancy is filled by subsequent action of the Board of Trustees.

C. **Duties of the Vice-Chairperson.** The Vice-Chairperson, if any, shall be selected from among the Trustees and shall have such powers and duties as may from time to time be assigned to the Vice-Chairperson. The Vice-Chairperson will preside at meetings in the absence of the Chairperson.

D. **Duties of the Secretary.** The Secretary shall act as secretary of all meetings of the Board of Trustees and of the Treasurers and Chief Investment Officers. When requested, the Secretary shall also act as secretary of the meetings of the Committees of the Board of Trustees. The Secretary shall keep and preserve the minutes of all such meetings in permanent books. The

Secretary shall see that all notices required to be given by the Trust Fund are duly given and served. The Secretary may, at the direction of the Board of Trustees, sign and execute in the name of the Trust Fund stock certificates, deeds, mortgages, bonds, contracts or other instruments, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Trustees or by this Agreement. The Secretary shall have custody of all deeds, leases, contracts and other important Trust Fund documents; shall have charge of the books, records and papers of the Trust Fund relating to its organization and management as a trust; and shall see that all reports, statements and other documents required by law are properly filed.

PART 5 – MISCELLANEOUS PROVISIONS

Section 501. TITLES.

The titles to Parts and Sections of this Agreement are placed herein for convenience of reference only, and the Agreement is not to be construed by reference thereto.

Section 502. SUCCESSORS.

This Agreement shall bind and inure to the benefit of the successors and assigns of the Trustees, the Treasurers and Chief Investment Officers, and the Participating Political Subdivisions.

Section 503. COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one instrument, which may be sufficiently evidenced by any counterpart. Any Participating Political Subdivision that formally applies for participation in this Agreement by its execution of a Trust Joinder Agreement which is accepted by the Trustees shall thereupon become a party to this Agreement and be bound by all of the terms and conditions thereof, and said Trust Joinder Agreement shall constitute a counterpart of this Agreement.

Section 504. AMENDMENT OR TERMINATION OF THIS AGREEMENT; TERMINATION OF PLANS.

A. Duration. The Trust shall be perpetual, subject to the termination provisions contained in Section 504, Subsection C below.

B. Amendment. This Agreement may be amended in writing at any time by the vote of a two-thirds (2/3) majority of the Trustees. Notwithstanding the preceding sentence, this Agreement may not be amended so as to change its purpose as set forth herein or to permit the diversion or application of any funds of the Trust Fund for any purpose other than those specified herein.

The Board of Trustees, upon adoption of an amendment to this Agreement, shall provide notice by sending a copy of any such amendment to each Treasurer and Chief

Investment Officer within 15 days of adoption of such amendment. If a Treasurer or Chief Investment Officer objects to such amendment, the Treasurer or Chief Investment Officer must provide written notice of its objection and intent to terminate its participation in the Trust Fund by registered mail delivered to the Administrator within ninety (90) days of such notice, and if such notice is given, the amendments shall not apply to such Participating Political Subdivision for a period of 180 days from the date of adoption of such amendments. The Participating Political Subdivision's interest shall be terminated in accordance with the provisions of paragraph B of this section.

C. Withdrawal and Termination. Any Participating Political Subdivision may at any time in its sole discretion withdraw and terminate its interest in this Agreement and any trust created hereby by giving written notice from the Participating Political Subdivision's Treasurer or Chief Investment Officer to the Trustees in the manner prescribed by this Section. The Trust Fund may be terminated in its entirety when all participation interests of all Participating Political Subdivisions have been terminated in their entirety. This Agreement and the Trust Fund will then be terminated in its entirety pursuant to Virginia law.

In case of a termination of this Agreement, either in whole or in part by a Participating Political Subdivision, the Trustees shall hold, apply, transfer or distribute the affected assets of the Trust Fund in accordance with the applicable provisions of this Agreement and as directed by the Treasurer or Chief Investment Officer of each Participating Political Subdivision. Upon any termination, in whole or in part, of this Agreement, the Trustees shall have a right to have their respective accounts settled as provided in this Section 504.

In the case of the complete or partial termination of this Agreement as to one or more Participating Political Subdivisions, the affected assets of the Trust Fund shall continue to be held pursuant to the direction of the Trustees, for the benefit of the Participating Political Subdivision, until the Trustees, upon recommendation of the Administrator, distribute such assets to a Participating Political Subdivision, or other suitable arrangements for the transfer of such assets have been made. This Agreement shall remain in full effect with respect to each Participating Political Subdivision that does not terminate or withdraw its participation in the Trust Fund, or whose participation is not terminated by the Trustees. However, if distributions must be made, the Treasurer or Chief Investment Officer of each Participating Political Subdivision shall be responsible for directing the Administrator on how to distribute the beneficial interest of such Participating Political Subdivision. In the absence of such direction, the Administrator may take such steps as it determines are reasonable to distribute such Participating Political Subdivision's interest.

A Participating Political Subdivision must provide written notice of its intent to terminate its participation in the Trust Fund by registered mail signed by the appropriate official of the subdivision and delivered to the Administrator.

Notwithstanding the foregoing, the Trustees shall be required to pay out any assets of the Trust Fund to Participating Political Subdivisions upon termination of this Agreement or the Trust Fund, in whole or in part, upon receipt by the Trustees of written certification from the Administrator that all provisions of law with respect to such termination

have been complied with. The Administrator shall provide the required written certification to the Trustees within three (3) working days of receiving a written notice of intent to terminate as described above. The Trustees shall rely conclusively on such written certification and shall be under no obligation to investigate or otherwise determine its propriety.

When all of the assets of the Trust Fund affected by a termination have been applied, transferred or distributed and the accounts of the Trustees have been settled, then the Trustees and Administrator shall be released and discharged from all further accountability or liability respecting the Trust Fund, or portions thereof, affected by the termination and shall not be responsible in any way for the further disposition of the assets of the Trust Fund, or portions thereof, affected by the termination or any part thereof so applied, transferred or distributed; provided, however, that the Trustees shall provide full and complete accounting for all assets up through the date of final disposition of all assets held in the Trust.

Section 505. SPENDTHRIFT PROVISIONS; PROHIBITION OF ASSIGNMENT OF INTEREST.

The Trust Fund shall be exempt from taxation and execution, attachment, garnishment, or any other process. No Participating Political Subdivision or other person with a beneficial interest in any part of the Trust Fund may commute, anticipate, encumber, alienate or assign the beneficial interests or any interest of a Participating Political Subdivision in the Trust Fund, and no payments of interest or principal shall be in any way subject to any person's debts, contracts or engagements, nor to any judicial process to levy upon or attach the interest or principal for payment of those debts, contracts, or engagements.

Section 506. VIRGINIA FREEDOM OF INFORMATION ACT.

The Administrator shall give the public notice of the date, time, and location of any meeting of the Board of Trustees' or of the Treasurers and Chief Investment Officers in the manner and as necessary to comply with the Virginia Freedom of Information Act (Va. Code §§ 2.2-3700 *et seq.*). The Secretary or its designee shall keep all minutes of all meetings, proceedings and acts of the Trustees and of Treasurers and Chief Investment Officers, but such minutes need not be verbatim. Copies of all minutes of the Trustees and of Treasurers and Chief Investment Officers shall be sent by the Secretary or its designee to the Trustees.

All meetings of the Board of Trustees and of Treasurers or Chief Investment Officers shall be open to the public, except as provided in § 2.2-3711 of the Virginia Code. No meeting shall be conducted through telephonic, video, electronic or other communication means where the members are not physically assembled to discuss or transact public business, except as provided in §§ 2.2-3708 or 2.2-3708.1 of the Virginia Code.

Section 507. JURISDICTION.

This Agreement shall be interpreted, construed and enforced, and the trust or trusts created hereby shall be administered, in accordance with the laws of the United States and of the Commonwealth of Virginia, excluding Virginia's law governing the conflict of laws.

Section 508. SITUS OF THE TRUST.

The situs of the trust or trusts created hereby is the Commonwealth of Virginia. All questions pertaining to its validity, construction, and administration shall be determined in accordance with the laws of the Commonwealth of Virginia. Venue for any action regarding this Agreement is the City of Richmond, Virginia.

Section 509. CONSTRUCTION.

Whenever any words are used in this Agreement in the masculine gender, they shall be construed as though they were also used in the feminine or neuter gender in all situations where they would so apply and whenever any words are used in this Agreement in the singular form, they shall be construed as though they were also used in the plural form in all situations where they would so apply, and whenever any words are used in this Agreement in the plural form, they shall be construed as though they were also in the singular form in all situations where they would so apply.

Section 510. CONFLICT.

In resolving any conflict among provisions of this Agreement and in resolving any other uncertainty as to the meaning or intention of any provision of the Agreement, the interpretation that (i) causes the Trust Fund to be exempt from tax under Code Sections 115 and 501(a), and (ii) causes the participating Plan and the Trust Fund to comply with all applicable requirements of law shall prevail over any different interpretation.

Section 511. NO GUARANTEES.

Neither the Administrator nor the Trustees guarantee the Trust Fund from loss or depreciation or for the payment of any amount which may become due to any person under any participating Plan or this Agreement.

Section 512. PARTIES BOUND; NO THIRD PARTY RIGHTS.

This Agreement and the Trust Joinder Agreements, when properly executed and accepted as provided hereunder, shall be binding only upon the parties hereto, *i.e.*, the Board of Trustees, the Administrator and the Participating Political Subdivisions. Neither the establishment of the Trust nor any modification thereof, nor the creation of any fund or account shall be construed as giving to any person any legal or equitable right against the Trustees, or any officer or employee thereof, except as may otherwise be provided in this Agreement. Under no circumstances shall the term of employment of any Employee be modified or in any way affected by this Agreement.

Section 513. NECESSARY PARTIES TO DISPUTES.

Necessary parties to any accounting, litigation or other proceedings relating to this Agreement shall include only the Trustees and the Administrator. The settlement or judgment in any such case in which the Trustees are duly served or cited shall be binding upon all Participating Political Subdivisions and upon all persons claiming by, through or under them.

Section 514. SEVERABILITY.

If any provision of this Agreement shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Agreement shall continue to be fully effective. If any provision of the Agreement is held to violate the Code or to be illegal or invalid for any other reason, that provision shall be deemed to be null and void, but the invalidation of that provision shall not otherwise affect the trust created by this Agreement.

Approved by Board of Trustees, September 13, 2013
Amended by Board of Trustees, January 24, 2014

[SIGNATURE PAGE FOLLOWS]

**TRUST JOINDER AGREEMENT
FOR PARTICIPATING POLITICAL SUBDIVISIONS IN THE
VACo/VML VIRGINIA INVESTMENT POOL**

THIS TRUST JOINDER AGREEMENT is made by and between the Chief Financial Officer of the NVTA (herein referred to as the "Treasurer/Chief Investment Officer"), the Northern Virginia Transportation authority (NVTA), (herein referred to as the "Participating Political Subdivision"), and the Board of Trustees (herein collectively referred to as the "Trustees") of the VACo/VML Virginia Investment Pool (herein referred to as the "Trust Fund").

WITNESSETH:

WHEREAS, the governing body of the Participating Political Subdivision desires to participate in a trust for the purpose of investing monies belonging to or within its control, other than sinking funds, in investments authorized under Section 2.2-4501 of the Virginia Code; and

WHEREAS, the governing body of the Participating Political Subdivision has adopted an ordinance and/or resolution (a certified copy of which is attached hereto as Exhibit A) to authorize participation in the Trust Fund and has designated the Treasurer/Chief Investment Officer to serve as the trustee of the Participating Political Subdivision with respect to the Trust Fund and to determine what funds under the Treasurer's/Chief Investment Officer's control shall be invested in the Trust Fund, and has authorized the Treasurer/Chief Investment Officer to enter into this Trust Joinder Agreement; and

WHEREAS, the Trust Fund, in accordance with the terms of the VACo/VML Virginia Investment Pool Trust Fund Agreement (the "Agreement"), provides administrative, custodial and investment services to the Participating Political Subdivisions in the Trust Fund; and

WHEREAS, the Treasurer/Chief Investment Officer, upon the authorization of the governing body of the NVTA desires to submit this Trust Joinder Agreement to the Trustees to enable the NVTA, to become a Participating Political Subdivision in the Trust Fund and a party to the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements flowing to each of the parties hereto, it is agreed as follows:

1. Pursuant to the Board of Trustees' acceptance of this Trust Joinder Agreement, the NVTA is a Participating Political Subdivision in the Trust Fund, as provided in the Agreement, and the Treasurer/Chief Investment Officer is authorized to enter into this Trust Joinder Agreement, and to represent and vote the beneficial interest of the NVTA, in the Trust Fund in accordance with the Agreement.

2. Capitalized terms not otherwise defined in this Trust Joinder Agreement have the meaning given to them under the Agreement.

3. The Treasurer/Chief Investment Officer shall cause appropriations designated by the Participating Political Subdivision for deposit in the Trust Fund to be deposited into a depository designated by the Trustees.

4. The Treasurer/Chief Investment Officer shall timely remit, or timely approve the remittance of, administrative fees as may be due and payable by the Participating Employer under the Agreement into a depository designated by the Trustees.

5. The Participating Political Subdivision shall have no right, title or interest in or to any specific assets of the Trust Fund, but shall have an undivided beneficial interest in the Trust Fund; however, there shall be a specific accounting of assets allocable to the Participating Political Subdivision.

6. The Treasurer/Chief Investment Officer shall provide to the Administrator designated by the Trustees all relevant information reasonably requested by the Administrator for the administration of the Participating Political Subdivision's investment, and shall promptly update all such information. The Treasurer/Chief Investment Officer shall certify said information to be correct to the best of his/her knowledge, and the Trustees and the Administrator shall have the right to rely on the accuracy of said information in performing their contractual responsibilities.

7. The Trust Fund provides administrative, custodial and investment services to the Participating Political Subdivision in accordance with the Agreement.

8. The Trustees and the Administrator, in accordance with the Agreement and the policies and procedures established by the Trustees, shall periodically report Trust activities to the Participating Political Subdivision on a timely basis.

9. The Treasurer/Chief Investment Officer and the Participating Political Subdivision agree to abide by and be bound by the terms, duties, rights and obligations as set forth in the Agreement, as may be amended by the Trustees, which is attached hereto and is made a part of this Trust Joinder Agreement.

10. The Treasurer/Chief Investment Officer, in fulfillment of his/her duties as the trustee of the Participating Political Subdivision, retains the services of the Investment Manager or Managers selected by the Trustees pursuant to the Agreement.

11. The term of this Trust Joinder Agreement shall be indefinite. The Treasurer/Chief Investment Officer may terminate this Trust Joinder Agreement on behalf of the Participating Political Subdivision by giving notice in writing to the Trustees. Termination shall be governed by the provisions of the Agreement.

IN WITNESS WHEREOF, the Treasurer/Chief Investment Officer has caused this Trust Joinder Agreement to be executed this _____ day of _____, 20____.

**TREASURER/CHIEF INVESTMENT
OFFICER OF**

Northern Virginia Transportation Authority

ATTEST:

* * * *

ACCEPTANCE:

VACo/VML VIRGINIA INVESTMENT POOL

By:_____

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
MEMORANDUM

TO: Chairman York and Members of the NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

SUBJECT: Revenue Estimates FY2017 to FY2023

DATE: September 18, 2015

1. **Purpose:** Present the revenue estimates for FY2017 to FY2023 for Authority consideration. Estimates will inform the PayGo capacity level for the FY2017 call for Regional Revenue Fund projects, and be utilized in a multi-year Capital Improvement Plan.
2. **Suggested Motion:** *I move the Finance Committee recommend Authority approval of the FY2017 to FY2023 revenue estimates as outlined in the attached staff report.*
3. **Background:**
 - a. The FY2017 call for Regional Revenue Fund projects is expected as early as September 2015. Revenue estimates are necessary to determine the level of available funding for projects.
 - b. The estimation period extends to FY2023 in order to start forming the baseline of a future multi-year Capital Improvement Plan (CIP) for the Authority.
 - c. The CIP will work in concert with the TransAction 2040 update currently in development and expected to be completed before the end of 2017.
 - d. For the estimation period (FY17 to FY23), Sales Tax represents approximately 78% of total revenue, Transient Occupancy Tax is approximately 9% of total revenue and Grants Tax is approximately 13% of total revenue.
4. **FY2017 to FY2023 Revenue Estimate Process:**
 - a. The Authority has two years of actual experience with the three tax types comprising the revenue stream. However, member jurisdictions have decades of experience with the same taxes, albeit with relatively minor differences in application.
 - b. In order to improve the accuracy for the FY2017 to FY2023 estimates, the estimation team developed a 'reset' to the FY2016 Adopted Revenue. The FY2016 Reset is used to set the estimate baseline for the next seven fiscal years, smoothing out startup year fluctuations.
 - c. No changes are recommended in the FY2016 Adopted Revenue as the project selection for FY2016 is complete and any revenue variance will be captured in the adoption of the FY2017 Regional Revenue Fund budget.
 - d. Member jurisdictions collaborated extensively with the estimates through sharing jurisdictional forecasts and reviewing the overall results.
 - e. A conservative estimation approach was used, consistent with prior Finance Committee direction.

- f. The FY2014 to FY2015 actual revenues increased by 5.39% for Sales Tax, 14.57% for Transient Occupancy Tax and 15.62% for Grantors Tax.
- g. Based on individual jurisdiction information, the average projected rate of revenue growth during the estimation period is 2.40%. The growth rates for the three taxes are:
 - i. Sales Tax growth rate for FY2017 to FY2023 averages 2.69% from the FY2016 Reset.
 - ii. Transient Occupancy Tax (TOT) growth rate for FY2017 to FY2023 averages 2.28% from the FY2016 Reset. This rate is much lower than the actual for FY2014 to FY2015 due to correcting the estimation base and continued data fluctuations in receipt processing.
 - iii. Grantors Tax growth rate for FY2017 to FY2023 averages .81% from the FY2016 Reset. This rate is much lower than the actual for FY2014 to FY2015 due to correcting the estimation base and the expectation that the previous growth rates are based on short term market conditions and jurisdiction knowledge of non-repetitive large commercial sales in the FY2015 results. There was significant concern among the estimation team of the prior experience being repeated consistently. This concern is reflected in the lower long term growth rate.

5. FY2017 to FY2023 Projections: The revenue projections are presented below (in millions). Detailed information is provided in the attached NVTa FY2017 to FY2023 Revenue Estimate. The attachment shows the year to year changes and summarizes details which are tracked on a tax and jurisdiction basis. The complete spreadsheet analysis has been shared with all member jurisdictions.

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Sales Tax	\$247.1	\$253.7	\$260.3	\$267.2	\$274.3	\$281.6	\$289.1
TOT	\$28.8	\$29.5	\$30.2	\$30.9	\$31.6	\$32.4	\$33.2
Grantors	\$43.6	\$43.9	\$44.3	\$44.6	\$45.0	\$45.4	\$45.7
Total	\$319.5	\$327.1	\$334.7	\$342.7	\$350.9	\$359.4	\$368.0
70%	\$223.6	\$228.9	\$234.3	\$239.9	\$245.6	\$251.5	\$257.6
30%	\$95.8	\$98.1	\$100.4	\$102.8	\$105.2	\$107.8	\$110.4

6. Next Steps. With the approval of the revenue estimates the budget for the FY2017 Regional Revenue and 30% Funds can be developed. The longer term estimates will be used in the development of a multiyear CIP. Updates to the estimates will occur annually with interim updates recommended as events warrant.

Coordination: Revenue Estimation staff from:

City of Alexandria

Arlington County

City of Fairfax

Fairfax County

Loudoun County

City of Manassas

Prince William County

Attachment: NVTa FY2017 to FY2023 Revenue Estimate Summary

Northern Virginia Transportation Authority
FY2017 to FY2023 Revenue Estimates

NVRTA Revenue	FY2014		FY2015	FY2016		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
	Actual		Actual	Adopted	Reset	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Sales	\$ 223,371,346	\$	235,410,574	\$ 232,756,820	\$ 240,154,135	\$ 247,069,073	\$ 253,708,412	\$ 260,309,673	\$ 267,214,593	\$ 274,312,507	\$ 281,601,307	\$ 289,094,289
TOT	\$ 24,222,874	\$	27,752,240	\$ 25,632,398	\$ 28,340,315	\$ 28,872,569	\$ 29,516,955	\$ 30,175,661	\$ 30,900,868	\$ 31,643,630	\$ 32,404,521	\$ 33,183,989
Grantors	\$ 38,008,945	\$	43,944,426	\$ 37,202,478	\$ 43,260,571	\$ 43,570,902	\$ 43,899,859	\$ 44,265,266	\$ 44,633,540	\$ 45,005,177	\$ 45,382,984	\$ 45,767,085
Total	\$ 285,603,165	\$	307,107,240	\$ 295,591,696	\$ 311,755,020	\$ 319,512,544	\$ 327,125,226	\$ 334,750,600	\$ 342,749,000	\$ 350,961,313	\$ 359,388,812	\$ 368,045,363
70%	\$ 199,922,216	\$	214,975,068	\$ 206,914,187	\$ 218,228,514	\$ 223,658,781	\$ 228,987,658	\$ 234,325,420	\$ 239,924,300	\$ 245,672,919	\$ 251,572,168	\$ 257,631,754
30%	\$ 85,680,950	\$	92,132,172	\$ 88,677,509	\$ 93,526,506	\$ 95,853,763	\$ 98,137,568	\$ 100,425,180	\$ 102,824,700	\$ 105,288,394	\$ 107,816,644	\$ 110,413,609
Percent Change (Year to Year)												
Sales			5.39%	-1.13%	3.18%	2.88%	2.69%	2.60%	2.65%	2.66%	2.66%	2.66%
TOT			14.57%	-7.64%	10.56%	1.88%	2.23%	2.23%	2.40%	2.40%	2.40%	2.41%
Grantors			15.62%	-15.34%	16.28%	0.72%	0.75%	0.83%	0.83%	0.83%	0.84%	0.85%
Total			7.53%	-3.75%	5.47%	2.49%	2.38%	2.33%	2.39%	2.40%	2.40%	2.41%

FY16 Reset Compared To FY16 Adopted

Sales	2.02%
TOT	2.12%
Grantors	-1.56%
Total	1.51%

FY16 Reset Compared to FY15 Actual

Dollar Change (Year to Year)																				
Sales	\$	12,039,228	\$	(2,653,754)	\$	7,397,315	\$	6,914,938	\$	6,639,339	\$	6,601,260	\$	6,904,920	\$	7,097,914	\$	7,288,800	\$	7,492,982
TOT	\$	3,529,366	\$	(2,119,842)	\$	2,707,917	\$	532,254	\$	644,386	\$	658,706	\$	725,207	\$	742,762	\$	760,891	\$	779,468
Grantors	\$	5,935,481	\$	(6,741,948)	\$	6,058,093	\$	310,331	\$	328,957	\$	365,408	\$	368,274	\$	371,637	\$	377,807	\$	384,101
Total	\$	21,504,075	\$	(11,515,544)	\$	16,163,324	\$	7,757,523	\$	7,612,682	\$	7,625,374	\$	7,998,401	\$	8,212,313	\$	8,427,499	\$	8,656,551
70%	\$	15,052,853	\$	(8,060,881)	\$	11,314,327	\$	5,430,266	\$	5,328,877	\$	5,337,762	\$	5,598,880	\$	5,748,619	\$	5,899,249	\$	6,059,586
30%	\$	6,451,223	\$	(3,454,663)	\$	4,848,997	\$	2,327,257	\$	2,283,805	\$	2,287,612	\$	2,399,520	\$	2,463,694	\$	2,528,250	\$	2,596,965
FY16 Reset Compared To FY16 Adopted																				

FY16 Reset Compared To FY16 Adopted

Sales	\$	4,743,561
TOT	\$	588,075
Grantors	\$	(683,855)
Total	\$	4,647,780

FY16 Reset Compared to FY15 Actual

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
MEMORANDUM

TO: Chairman York and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

SUBJECT: Regional Revenue Fund Budget Adjustments

DATE: September 18, 2015

1. **Purpose:** Discuss proposed adjustments to the FY2016 Regional Revenue Budget as outlined below.
2. **Suggested Motion:** *I move the Finance Committee recommend Authority approval of the adjustments to the FY2016 Regional Revenue Fund budget as outlined in the attached staff report.*
3. **Background:**
 - a. Revenue amounts for FY2015 have been finalized and have recorded a positive variance to budget of \$16.9 million. Of this variance, 30% has been disbursed to member jurisdictions in accord with HB2313. The balance, or 70% of the variance, is recognized within the Regional Revenue Fund. The 70% amount is \$11,872,135.80.
 - b. The variance amount triggers a change in the starting balance for the adopted FY2016 Regional Revenue Fund budget. The revised starting balance changes the policy required amounts of reserves and a budget correction is needed for a typographical correction on the FY2016 debt principal payment.
4. **FY2016 Regional Revenue Fund Budget Adjustments:** The following adjustments are detailed on the attached Regional Revenue Budget Statement:
 - a. Recognize FY2015 Year End Performance. Increase carryover from FY2015 from \$0 to \$11,872,135.80
 - b. Debt Service - Principal. Increase debt service expenditure by \$805,260.86. The debt service amount in the adopted budget was understated due to a typographical error.
 - c. Working Capital Reserve (WCR) Required Incremental Adjustment. Increase the WCR contribution for FY2016 by \$5,615,416.60 to maintain compliance with the Authority's Debt Policy.
 - d. Contingency for Approved Projects (3.8%). Increase the Contingency Reserve amount by \$451,141.16 to reflect the additional revenues. This increase is consistent with prior budget guidance. The policy for the Contingency Reserve is still under development.
 - e. Recognize Projected FY2017 Carryforward. Regional Revenue PayGo funds remaining after the FY2015/2016 project assignments of \$25,143,604.72, combined with the net adjustments noted above of \$5,000,317.78 result in a total projected carryforward to the FY2017 budget of \$30,143,921.50

Attachment: Proposed FY2016 70% Regional Revenue Budget Adjustments

Northern Virginia Transportation Authority
Proposed FY 2016 70% Regional Revenue Budget Adjustments

	FY2016 Adopted	Notes	FY2016 Adjustment	Comments	FY2016 Adjusted Totals
Revenue 70% Regional Funds					
Sales Tax	\$ 162,929,774.00				
TOT	\$ 17,942,679.00				
Grantor's Tax	\$ 26,041,735.00				
State/Federal Grants	\$ -				
Bond or LOC Proceeds	\$ -				
Reimbursable Expenditures	\$ 70,000.00				
Interest Earned	\$ -				
Revenue Variance (Regional Funds)	\$ -	a	\$ 11,872,135.80	Additional FY2015 revenue	
Total Revenue with Debt Proceeds	\$ 206,984,188.00		\$ 11,872,135.80		218,856,323.80
Expenditures					
Debt Service - Principal	\$ 1,504,739.14	b	\$ 805,260.86	Correction amount	
Debt Service - Interest	\$ 3,238,550.00				
Professional Services - Bond Issuance Costs	\$ 300,000.00				
Working Capital Reserve (WCR)	\$ 33,860,736.00				
WCR Required Incremental Adjustment	\$ 1,909,886.00	c	\$ 5,615,416.60	Adjustment amount for revenue increase	
TransAction Update	\$ 2,500,000.00				
Contingency for Approved Projects (3.8%)	\$ 7,865,399.14	d	\$ 451,141.16	Adjustment amount for revenue increase	
NEW Transportation Projects Reserve	\$ -				
NEW Total Expenditures	\$ 51,179,310.28		\$ 6,871,818.62		58,051,128.90
Funding Available for FY2015 and FY2016	\$ 371,082,604.72				
Project Commitments FY15/16	\$ 345,939,000.00				
Projected FY2017 Carry Forward	\$ 25,143,604.72	e	\$ 5,000,317.18		30,143,921.90
Cumulative Regional Revenue Reserve Balances					
Working Capital Reserve	\$ 103,492,094.00				
Debt Service Reserve (Held by Trustee)	\$ 5,551,150.00		\$ 5,615,416.60	Adjustment amount for revenue increase	
Contingency for Approved Projects	\$ 7,865,399.14		\$ 451,141.16	Adjustment amount for revenue increase	
Transportation Projects Reserve	\$ -				
Cumulative Reserve Balances	\$ 116,908,643.14		\$ 6,066,557.76		122,975,200.90

Notes:

- a FY2015 Regional Revenue Received In Excess of Adopted Budget
- b Correction of Principal Payment Type
- c Additional WCR Contribution Required by Additional FY2015 Revenue
- d Additional Contingency Reserve Contribution Required by Additional FY2015 Revenue (Policy in Development)
- e Additional Carryforward amount Based on FY2015 Revenue

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman York and Members of the NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

SUBJECT: Monthly Revenue Report

DATE: September 18, 2015

1. **Purpose:** Monthly report of revenue receipts, distributions and estimate comparison.
2. **Background:** The attached reports reflect funding received or in process through August 2015. August receipts contain revenue that is attributed to both FY2015 and FY2016.
3. **Comments:**
 - a. **FY 2015 Revenues (Attachment A)**
 - i. The Authority has received or accrued approximately \$307.1 million through the August transfers from the Commonwealth. These are effectively the unaudited ending revenue numbers for FY2015.
 - ii. Actual to estimate comparison for revenues through August show a 19.1% positive variance in Grantors Tax, a 3.2% positive variance in Sales Tax and a 10.2% positive variance in Transient Occupancy Tax compared to the adopted revenue budget.
 - iii. This report reflects 12 months of collections (accrual basis) for Sales Tax and Grantors Tax.
 - iv. Transient Occupancy Tax has almost completed a full 12 months of collections. Collections for two jurisdictions are still in accrual stages, due to routine differences in collection cycles.
 - b. **FY 2015 Distribution to localities (Attachment B)**
 - i. Through the month of August the Authority was still receiving FY2015 Sales Tax and Transient Occupancy Tax revenues.
 - ii. Of the \$304.4 million received by the Authority for FY2015, approximately \$91.3 million represents 30% local funds. The difference between the \$304.4 million received and the \$307.1 million noted above is in the revenue accruals.
 - iii. All the \$91.3 million eligible to be distributed has been transferred to the member jurisdictions as of the end of August. As the accrued revenue amounts for FY2015 arrive in FY2016 those funds will be transferred to the appropriate jurisdiction.
 - c. **FY 2016 Distribution to localities (Attachment C)**
 - i. The Authority received the first FY2016 Grantors Tax in August.
 - ii. Approximately \$5.08 million was received of which \$1.52 million represents 30% funds for member jurisdictions.
 - iii. Four jurisdictions completed the HB2313 required annual certification process to receive August FY2016 30% funds. One additional jurisdiction completed the

certification after the monthly distributions had been made. Suspensions of FY2016 transfers has been discussed with jurisdictional staff where appropriate.

d. FY2014 to FY2015 Year to date Revenue Comparison (Attachment D).

- i. This chart reflects a month to month comparison of revenue by tax type and a year to year comparison of total revenues.
- ii. The individual tax charts shows the last month that tax revenue is received for each specific tax type. This reflects the different accrual schedule for each of the tax types.

Attachments:

- A. Revenues Received By Tax Type, Compared to NVTA Estimates, Through August 2015
- B. FY2015 30% Distribution by Jurisdiction, through August 2015
- C. FY2016 30% Distribution by Jurisdiction, through August 2015
- D. Month to Month Comparison By Tax Type and YTD Receipts, Through August 2015 and 2014

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
REVENUES RECEIVED, BY TAX TYPE AND JURISDICTION, COMPARED TO NVTB BUDGET
Based on: Revenue Data Through August 2015
FYE June 30, 2015

Grantors Tax		Received		NVTB		Projected Variance
Transaction Months	12	To Date	Annualized	FY 2015 Budget	Annualized - Actual To Budget	
City of Alexandria		\$ 3,775,302	\$ 3,775,302	\$ 3,195,000	\$ 580,302	
Arlington County		\$ 4,662,589	\$ 4,662,589	\$ 4,574,287	\$ 88,302	
City of Fairfax		\$ 303,648	\$ 303,648	\$ 290,799	\$ 12,849	
Fairfax County		\$ 20,165,518	\$ 20,165,518	\$ 15,169,980	\$ 4,995,538	
City of Falls Church		\$ 296,093	\$ 296,093	\$ 263,319	\$ 32,774	
Loudoun County		\$ 8,915,428	\$ 8,915,428	\$ 8,466,000	\$ 449,428	
City of Manassas		\$ 339,631	\$ 339,631	\$ 272,917	\$ 66,714	
City of Manassas Park		\$ 158,354	\$ 158,354	\$ 149,692	\$ 8,662	
Prince William County		\$ 5,327,863	\$ 5,327,863	\$ 4,521,672	\$ 806,191	
Total Grantors Tax Revenue		\$ 43,944,426	\$ 43,944,426	\$ 36,903,666	\$ 7,040,760	19.08%
Regional Sales Tax*		Received		NVTB		Projected Variance
Transaction Months	12	To Date	Annualized	FY 2015 Budget	Annualized - Actual To Budget	
City of Alexandria		\$14,289,191	\$ 14,289,191	\$ 14,891,000	\$ (601,809)	
Arlington County		\$24,083,230	\$ 24,083,230	\$ 23,984,390	\$ 98,840	
City of Fairfax		\$6,893,307	\$ 6,893,307	\$ 6,536,626	\$ 356,681	
Fairfax County		\$106,444,558	\$ 106,444,558	\$ 100,596,000	\$ 5,848,558	
City of Falls Church		\$2,234,993	\$ 2,234,993	\$ 2,498,666	\$ (263,673)	
Loudoun County		\$40,623,845	\$ 40,623,845	\$ 40,086,000	\$ 537,845	
City of Manassas		\$4,758,809	\$ 4,758,809	\$ 4,620,629	\$ 138,180	
City of Manassas Park		\$1,231,371	\$ 1,231,371	\$ 930,903	\$ 300,468	
Prince William County		\$34,856,454	\$ 34,856,454	\$ 33,928,982	\$ 927,472	
Total Sales Tax Revenue*		\$ 235,415,758	\$ 235,415,758	\$ 228,073,196	\$ 7,342,562	3.22%
Transient Occupancy Tax (TOT)		Received		NVTB		Projected Variance
Transaction Months		To Date	Annualized	FY 2015 Budget	Annualized - Actual To Budget	
City of Alexandria	Months	\$ 3,324,227	\$ 3,324,227	\$ 3,364,000	\$ (39,773)	
Arlington County	Months	\$ 9,334,382	\$ 9,334,382	\$ 8,890,830	\$ 443,552	
City of Fairfax	Quarters	\$ 263,488	\$ 351,317	\$ 349,526	\$ 1,791	
Fairfax County**	Quarters	\$ 10,666,200	\$ 10,666,200	\$ 8,965,800	\$ 1,700,400	
City of Falls Church	Months	\$ 171,023	\$ 171,023	\$ 143,309	\$ 27,714	
Loudoun County	Quarters	\$ 2,584,117	\$ 2,584,117	\$ 2,020,000	\$ 564,117	
City of Manassas	Months	\$ 58,868	\$ 58,868	\$ 78,546	\$ (19,678)	
City of Manassas Park		\$ -	\$ -	\$ -	\$ -	
Prince William County	Quarters	\$ 1,349,935	\$ 1,349,935	\$ 1,446,000	\$ (96,065)	
Total TOT Revenue		27,752,238	27,840,068	\$ 25,258,011	2,582,057	10.22%
Total Revenue Received		\$ 307,112,423	\$ 307,200,252	\$ 290,234,873	\$ 16,965,379	5.85%

*The Regional Sales Tax is reported net of the following fees:

August Receipt	\$ -
September Receipt	\$ -
October Receipt	\$ 22,065
November Receipt	\$ 1,035
December Receipt	\$ 22,310
January Receipts	\$ 14,198
	<u>\$ 59,608</u>

**Fairfax County TOT includes 4th quarter accrued receipts

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY											
FY 2015 30% DISTRIBUTION BY JURISDICTION											
Based on: Receipts through August 2015											
Jurisdiction	Grantor's Tax	Regional Sales Tax (1)	Transient Occupancy Tax (2)	NVTA Fund Interest	Total	30% Funds	NVTA Operational Budget FY2016	Accrued Interest (3)	Prior Distributions	Current Month Distribution	Total Funds Transferred
							(-)	(+)			
City of Alexandria	\$ 3,775,302.20	\$ 14,289,191.12	\$ 3,324,226.81	\$ 15,093.22	\$ 21,403,813.35	\$ 6,421,144.01	Paid Direct	250.97	\$ 5,890,054.27	\$ 531,340.71	\$ 6,421,394.98
Arlington County	\$ 4,662,589.10	\$ 24,083,229.95	\$ 9,334,381.83	\$ 31,101.75	\$ 38,111,302.63	\$ 11,433,390.79	103,424.63	430.24	\$ 10,400,606.65	\$ 929,789.73	\$ 11,330,396.38
City of Fairfax	\$ 303,648.00	\$ 6,893,306.79	\$ 263,487.67	\$ 1,436.07	\$ 7,461,878.53	\$ 2,238,563.56	11,002.62	71.71	\$ 2,038,461.67	\$ 189,170.98	\$ 2,227,632.65
Fairfax County	\$ 20,165,518.20	\$ 106,444,557.60	\$ 7,830,015.20	\$ 64,233.58	\$ 134,504,324.58	\$ 40,351,297.37	528,125.88	1,577.55	\$ 36,802,693.44	\$ 3,022,055.60	\$ 39,824,749.04
City of Falls Church	\$ 296,092.80	\$ 2,234,993.23	\$ 171,022.98	\$ 964.23	\$ 2,703,073.24	\$ 810,921.97	6,601.57	35.85	\$ 730,695.11	\$ 73,661.14	\$ 804,356.25
Loudoun County	\$ 8,915,428.16	\$ 40,623,844.53	\$ 2,584,116.69	\$ 27,017.99	\$ 52,150,407.37	\$ 15,645,122.21	Paid Direct	609.51	\$ 14,350,412.77	\$ 1,295,318.95	\$ 15,645,731.72
City of Manassas	\$ 339,630.75	\$ 4,758,809.38	\$ 58,868.27	\$ 1,158.28	\$ 5,158,466.68	\$ 1,547,540.00	Paid Direct	71.71	\$ 1,410,936.78	\$ 136,674.93	\$ 1,547,611.71
City of Manassas Park	\$ 158,353.80	\$ 1,231,370.99	\$ 158,353.80	\$ 485.12	\$ 1,390,209.91	\$ 417,062.97	6,601.57	35.87	\$ 375,804.19	\$ 34,693.08	\$ 410,497.27
Prince William County	\$ 5,327,863.19	\$ 34,856,454.30	\$ 1,349,934.66	\$ 15,420.08	\$ 41,549,672.23	\$ 12,464,901.67	200,247.73	501.94	\$ 11,268,375.41	\$ 996,780.47	\$ 12,265,155.88
Total Revenue	\$ 43,944,426.20	\$ 235,415,757.89	\$ 24,916,054.11	\$ 156,910.32	\$ 304,433,148.52	\$ 91,329,944.55	\$ 856,004.04	\$ 3,585.35	\$ 83,268,040.27	\$ 7,209,485.59	\$ 90,477,525.86
						\$ 91,333,529.90					\$ 91,333,529.90

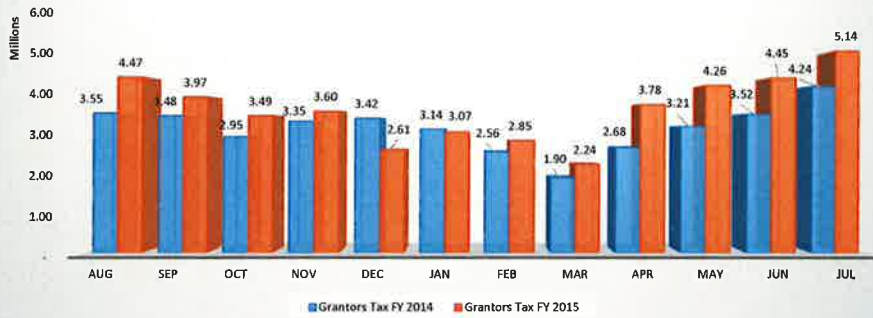
NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
FY 2016 30% DISTRIBUTION BY JURISDICTION

Based on: Receipts through August 2015

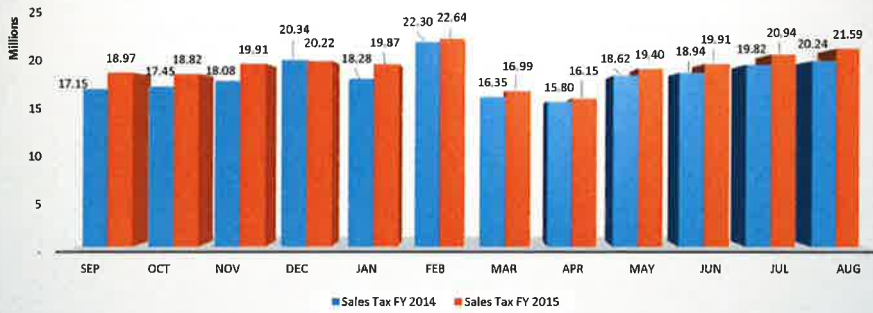
Jurisdiction	Grantor's Tax	Regional Sales Tax (1)	Transient Occupancy Tax (2)	NVTA Fund Interest	Total	30% Funds	Accrued Interest (3) (+)	Prior Distributions	Current Month Distribution	Total Funds Transferred
City of Alexandria	\$ 390,083.55	\$ -	\$ -	\$ -	\$ 390,083.55	\$ 117,025.07		\$ -	\$ 117,025.07	
Arlington County	\$ 1,080,225.75	\$ -	\$ -	\$ -	\$ 1,080,225.75	\$ 324,067.73		\$ -	\$ 324,067.73	
City of Fairfax	\$ 53,745.00	\$ -	\$ -	\$ -	\$ 53,745.00	\$ 16,123.50		\$ -	\$ 16,123.50	
Fairfax County	\$ 2,007,703.65	\$ -	\$ -	\$ -	\$ 2,007,703.65	\$ 602,311.10		\$ -	\$ 602,311.10	\$ 602,311.10
City of Falls Church	\$ 32,902.35	\$ -	\$ -	\$ -	\$ 32,902.35	\$ 9,870.71		\$ -	\$ 9,870.71	
Loudoun County	\$ 880,141.80	\$ -	\$ -	\$ -	\$ 880,141.80	\$ 264,042.54		\$ -	\$ 264,042.54	\$ 264,042.54
City of Manassas	\$ 47,107.50	\$ -	\$ -	\$ -	\$ 47,107.50	\$ 14,132.25		\$ -	\$ 14,132.25	\$ 14,132.25
City of Manassas Park	\$ 23,039.85	\$ -	\$ -	\$ -	\$ 23,039.85	\$ 6,911.96		\$ -	\$ 6,911.96	\$ 6,911.96
Prince William County	\$ 563,121.60	\$ -	\$ -	\$ -	\$ 563,121.60	\$ 168,936.48		\$ -	\$ 168,936.48	
Total Revenue	\$ 5,078,071.05	\$ -	\$ -	\$ -	\$ 5,078,071.05	\$ 1,523,421.34	\$ -	\$ -	\$ 1,523,421.34	\$ 887,397.85

- 1 Net of Dept. of Taxation Fees
- 2 County TOT includes any town collections
- 3 Interest earned through 7/31/2015

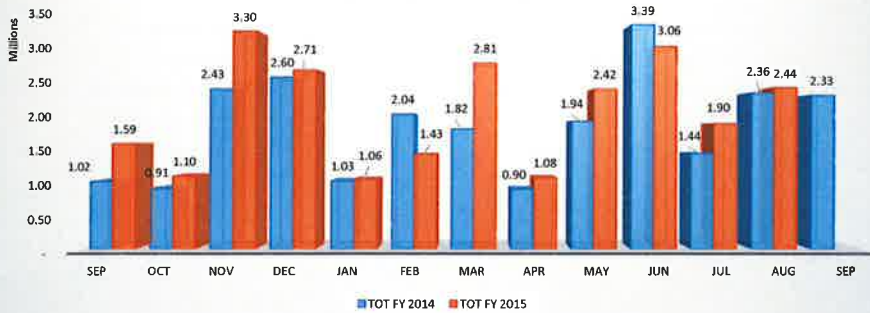
Grantors Tax (month received)



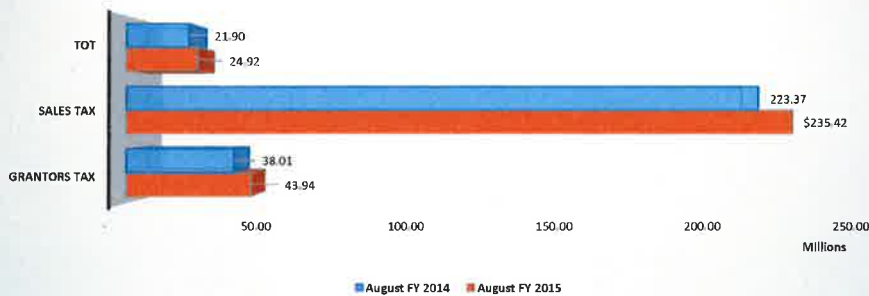
Sales Tax (month received)



Transient Occupancy Tax (month received)



YTD Receipt Comparison August FY2014 and FY2015



NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman York and Members of the NVTA Finance Committee
FROM: Michael Longhi, Chief Financial Officer
SUBJECT: NVTA Operating Budget
DATE: September 18, 2015

1. **Purpose:** To update the Finance Committee on the NVTA Operating Budget for FY2015.
2. **Background:** The NVTA operating budget is funded through the participating jurisdictions. All jurisdictions have contributed their respective share of the FY2015 operating budget. This is the final monthly recap of FY2015 activities.
3. **Comments:** The FY2016 budget was developed with estimates of the ending budget performance from FY2015. The Operating Budget produced the following results:
 - a. Revenue exceeded budget by \$3,229.
 - b. Expenditures were less than budget by \$153,081
 - c. Carryforward to FY2016 was projected to be \$121,805. Actual carryforward is \$122,890. Consistent with the adopted FY2016 Budget, this carryforward contains:
 - i. \$46,200 committed to TransAction Outreach efforts.
 - ii. \$28,369 committed to the NVTA web site revisions.
 - d. The Operating Reserve was not used in FY2015 and rolls forward in total to FY2016.
 - e. The attached statement shows the total operating budget income and expenditure activity for FY2015.

Attachment: NVTA Income Statement for Accounting Period 13/15

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NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
Income Statement
For the Accounting Period: 13 / 15

Page: 2 of 2
Report ID: LB170A

1000 General Fund

		----- Current Year -----				
Account Object	Description	Current Month	Current YTD	Budget	Variance	%
	Total Account	8,009.63	104,519.57	158,100.00	53,580.43	66
	Total Expenses	14,877.16	1,029,812.19	1,182,894.00	153,081.81	87
	Net Income from Operations	-14,877.16	119,660.81			
Other Revenue						
360000	Miscellaneous Revenues		3,229.09		3,229.09	
	Total Other Revenue	0.00	3,229.09	0.00	3,229.09	
Other Expenses						
521000	Transfers					
820	Transfer to Operating Reserve			236,578.00	236,578.00	
	Total Account			236,578.00	236,578.00	
	Total Other Expenses	0.00	0.00	236,578.00	236,578.00	
	Net Income	-14,877.16	122,889.90			