



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Thursday, September 17, 2020 – 1:00 PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031
Electronic Meeting Option Available

AGENDA

- I. Call to Order/Welcome** Mayor Parrish, Chairman
- II. Summary Minutes of the June 18, 2020 Meeting**
Recommended Action: Approval [with abstentions from those who were not present]

Action Items

- III. Resolution Finding the Need to Conduct the September 17, 2020 Finance Committee Meeting Electronically** Mayor Parrish, Chairman
Recommended Action: Adoption of Resolution
- IV. Investment Policy Revisions** Mr. Longhi, CFO
Recommended Action: Recommend Authority Approval of Policy Revisions
- V. Conflict of Interest Policy Revisions** Mr. Longhi, CFO
Recommended Action: Recommend Authority Approval of Policy Revisions
- VI. Legislative Services Contract** Mr. Longhi, CFO
Recommended Action: Recommend Authority Approval of Legislative Services Contract

Information/Discussion Items

- VII. Policy 29 Exception Report** Mr. Longhi, CFO
- VIII. Finance Activities Report** Mr. Longhi, CFO
- IX. Investment Portfolio Report** Mr. Longhi, CFO
- X. Monthly Revenue Report** Mr. Longhi, CFO
- XI. Monthly Operating Budget Report** Mr. Longhi, CFO

Adjournment

- XII. Adjournment**

Next Scheduled Meeting October 15, 2020 1:00PM (Room B)
3040 Williams Drive, Suite 200, Fairfax, Virginia



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

II.

FINANCE COMMITTEE
Thursday, June 18, 2020 – 1:00 PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

Meeting Held via WebEx and Live Streamed on YouTube

SUMMARY MINUTES

I. Call to Order/Welcome

Mayor Parrish, Chairman

- Mayor Parrish called the meeting to order at 1:02 PM.
- Attendees:
 - ✓ Authority Members: Mayor Parrish, Mayor Rishell; Chair Randall, Board Member Cristol
 - ✓ Other Authority Members: Delegate Watts; Delegate Roem; Senator Boysko, Ms. Hynes
 - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Richard Stavros (Investment & Debt Manager); Peggy Teal (Assistant Finance Officer); Dev Priya Sen (Financial Analyst); Keith Jasper (Principal, Planning and Programming); Sree Nampoothiri (Transportation Planner); Erica Hawksworth (Communications & Public Affairs Manager)
 - ✓ Council of Counsels: Ellen Posner (Fairfax County - DOT) Rob Dickerson (1:15-) (Prince William County); Steve MacIsaac (Arlington County)
 - ✓ Other Attendees: jurisdictional and agency staff and the public attended the meeting via the Authority's YouTube channel

II. Summary Minutes of the May 8, 2020 Meeting

Recommended Action: Approval [with abstentions from those who were not present]

Mayor Rishell moved approval of the minutes of the meeting; seconded by Chair Randall. Motion carried unanimously.

Action Items

III. Resolution Finding the Need to Conduct the June 18, 2020 Finance Committee Meeting Electronically

Mayor Parrish, Chairman

Recommended Action: Adoption of Resolution

Board Member Cristol made the motion to adopt Resolution 20-01 to Find the Need to Conduct Meeting by Electronic Communication Means during the Governor's declared State of Emergency during COVID-19 Pandemic; seconded by Mayor Rishell. Motion carried unanimously.

IV. VRE Lorton and Rippon Station Projects Acceptance of Withdrawal/Cancellation

Mr. Longhi, CFO

Recommended Action: Recommend Authority Cancel/Accept Withdrawal of VRE Lorton and Rippon Station Projects

- Mayor Parrish noted that he had asked Ms. Backmon and Mr. Longhi to provide a lengthy discussion of the facts related to the next two items, as they relate to the very serious matter of project withdrawals or cancellations.
- Mr. Longhi clarified the use of the term “accept withdrawal/cancellation” as it relates to the VRE projects. He noted VRE staff have reported that the Lorton and Rippon Station projects no longer fit the project descriptions that were adopted by the Authority, and the project completion dates were extended to 2030.
- The issue came to the Authority’s attention, Mr. Longhi noted, when project updates were submitted in May for the Executive Director’s monthly Regional Project Status Report. Three VRE projects had substantial changes, the VRE Lorton and Rippon Projects, as well as the Franconia-Springfield Platform Improvements. But, Mr. Longhi added, VRE clarified the Franconia-Springfield Platform Improvements project description was still valid, and the completion date would be sooner than 2030.
- With respect to the Lorton and Rippon Station projects, Mr. Longhi noted VRE staff reported the project descriptions were invalid due to an evolving DRPT fourth track plan that pushed out the completion date past 2030. VRE indicated they would submit a withdrawal recommendation to their various boards. But the VRE staff’s opportunity to present a withdrawal request was delayed by the COVID-19 pandemic forcing the cancellation of several meetings.
- Mr. Longhi noted, to add the \$16.9 million value of the Lorton and Rippon Station projects to the \$522 million proposed as part of the NVTAs Two-Year Update (scheduled to go to the Authority for action in July) it had become necessary to cancel the projects. He further noted, the NVTAs Planning and Programming Committee (PPC) was meeting a day after this Finance Committee meeting, and would need a final funding amount as the PPC would be determining project recommendations for the Authority’s July meeting.
- Mr. Longhi noted that were the VRE to subsequently ask to withdraw the projects, after the Authority cancellation, the record would reflect project withdrawal not cancelled to have an accurate reflection of what was intended to occur, prior to the pandemic.
- Mr. Longhi emphasized that the VRE and NVTAs staff had been working closely on this issue.
- Mayor Parrish indicated that Chairman McKay, who could not be present due a meeting with Governor Northam, but had issued a statement on the VRE projects proposed for cancellation. Mayor Parrish asked Ms. Backmon to summarize Chairman McKay’s position for the Committee.

- Ms. Backmon noted that Chairman McKay acknowledged that he was aware that the Lorton and Rippon Station projects had been impacted by the Virginia Rail Improvement Program.
- Ms. Backmon recounted Chairman McKay's statement noting the Virginia Rail Improvement Program requires the Lorton and Rippon Station projects to be re-designed in a way that will not be consistent with the adopted project applications. As such, Ms. Backmon relayed Chairman McKay's concurrence with withdrawing/cancelling the project funding.
- Chairman McKay's statement also noted VRE has the ability to apply for regional funds for these stations or other capacity improvements in the future, and that he welcomes them to do so in the future if needed.
- As the only member of the NVRTA Finance Committee who is also on the VRE Operations Board, and immediate past chair, Board Member Cristol noted her appreciation of the close collaboration between VRE staff and NVRTA staff, particularly its finance staff. Board Member Cristol also shared her hope that the dollars that might otherwise have been awarded to VRE, are awarded instead to another project that is equally critical for the future of VRE expansion, and that is the DRPT Franconia-Springfield Passenger Rail Bypass Project, a key project which separates commuter rail from commercial or freight rail.
- Mayor Parrish noted that Arlington should be proud of an advocate such as her, and added that while the funding is taken up at the Finance Committee, the matter of how it is spent will be taken up at the Planning and Programming Committee (PPC)
- Having spoken earlier in the afternoon with DRPT Executive Director Jennifer Mitchell, Delegate Roem shared Ms. Mitchell's comments on the Passenger Rail Bypass Project. Delegate Roem also affirmed her support for the project and its regional benefits.
- Mayor Parrish acknowledged Delegate Roem as another excellent advocate.

Mayor Rishell moved Finance Committee recommend Authority cancellation or acceptance of withdrawal of the VRE Lorton and Rippon Station Projects unencumbering a combined \$16.9 million in project funding, seconded by Board Member Cristol. Motion carried unanimously.

Information/Discussion Items

- V. WMATA Orange/Blue Line Traction Power Projects Cancellation** Mr. Longhi, CFO
- Mayor Parrish highlighted the importance of the WMATA topic for discussion and noted his instructions to staff to spend a significant amount of time to help the Finance Committee better understand the legislation with regard to NVRTA's funding.
 - Mayor Parrish also noted he asked staff to cover other matters including NVRTA's Policy 29 – which the Authority had passed – in the context of the WMATA traction power upgrades and its potential cancellation.
 - Mr. Longhi noted the item first came to the Committee's attention in 2019 as part of the first Policy 29 report. While the WMATA project did not fit the strict guidelines of

the Policy 29, staff did bring the project before the Finance Committee because of ongoing concerns with the two projects.

- Using an analogy to explain the project challenges, Mr. Longhi noted that each project sits on a three-legged stool, if you lose any one of the legs the stool topples over.
- Mr. Longhi continued, the three legs are:
 - Resolution 14-8 that requires other jurisdictions to contribute an appropriate share (region-wide to include DC and Maryland) to shared extraterritorial infrastructure projects.
 - The overhead that WMATA charges on projects, adding at one time staff proposed to WMATA to exclude the overhead charges and thus charge the Authority for fixed items such as material and direct contractor costs.
 - 8-car trains, traction power does not by itself produce any congestion reduction; traction power needs to be utilized through the deployment of 8-car trains.
- In WMATA's applications for both projects they cited that they would be committed to capacity increases via 8-car trains by 2025, which gave them an appreciable amount of time since the first funding approval was for the 2014 program, and the second funding approval was for the 2017 program.
- Mr. Longhi indicated NVTA had raised this issue several times with WMATA and asked for updates or a plan of when they expected to get to 8-car trains.
 - Last year, Mr. Longhi noted, WMATA reported that it would be a fiscal 2020 budget decision; it was in the fiscal 20 budget but the WMATA Board did not act upon it.
 - More recently, Mr. Longhi was told it was a fiscal 2021 budget issue, however in the pre-pandemic budget draft NVTA found no reference to 8-car trains.
 - The COVID-19 pandemic impact on ridership also raises questions about the rationale for WMATA's deployment of 8-car trains.
- In sum, Mr. Longhi noted the staff recommendation to cancel the projects, in the absence of WMATA producing a schedule that is acceptable, but he reiterated that even with a new schedule the issues outlined, if not resolved, might still be obstacles to the project.
- Framing the start of discussion, now opened to the Committee's deliberation, Mayor Parrish noted that there were a number of points that needed to be reviewed. He indicated, for example, the legislation that provided the revenue sources for NVTA requires congestion reduction relative to cost. In addition, Mayor Parrish pointed out there is a potential legal issue, that some characterize as a kill switch, if the NVTA does not accomplish its function as indicated legislatively the NVTA could go away.
- Mayor Parrish asked Ms. Backmon, generally, not related to the WMATA issue, if she would highlight the NVTA's responsibility.
- Ms. Backmon specified that the Authority by law is not permitted to fund maintenance or operations.
- And in reference to the so-called kill switch, she acknowledged the common reference to a particular citation in the law. Ms. Backmon noted and affirmed if it is

determined that NVTA is using the 70% regional revenue outside of the confines of the law, the institution could face legal concerns.

- Asked by Mayor Parrish if there were additional comments, Ms. Backmon noted that Mr. Longhi had articulated very well that NVTA wants to work well with all of its regional partners, and that the institution needs further discussion on a date-certain regarding the capacity addition that traction power upgrades facilitate. Ms. Backmon also pointed out that the traction power upgrade in itself does not produce increased capacity; however, it is the means for increased capacity through 8-car trains.
- Chair Randall noted that she has been speaking with Matt Letourneau, her colleague and representative on WMATA, on setting up a meeting early next week, which would be attended by herself, Mayor Parrish as chair of Finance, Ms. Backmon, Mr. Longhi, and Board Member Cristol, and other appropriate staff from WMATA. Chair Randall noted the meeting would allow a substantive discussion by having more information on both sides.
- Chair Randall shared her concern that the WMATA Board and NVTA may have a different understanding of the information, or different information, and noted her belief that the staff, as do some of the elected officials on both sides, need to have a discussion to decide how the information should be interpreted uniformly. Mayor Parrish concurred with the need for a meeting and further discussion.
- Mayor Rishell also noted her support for Chair Randall's proposed meeting and noted her hope that the discussion will be fact based. Noting her understanding that WMATA receives \$500 million more each year, \$154 million from Virginia.
- Mayor Rishell questioned why WMATA is resisting the cancellation of the \$22 million for the traction power upgrade projects, and if there was other information or issues related to WMATA that may not have become known, and she questioned what that might be.
- Delegate Watts noted that she appreciated the conversation that was currently being had to clarify the issue with WMATA, and added her hope that NVTA's recommendation will not reflect that the nexus between the traction power upgrades and the 8-car trains isn't something that couldn't be honored under the enabling legislation, because the two things do go together.
- Delegate Watts noted the need to clarify WMATA's position as to why this cannot be funded under the long-term maintenance borrowing that the \$154 million dollars has financed, and along with the other two jurisdictions, the annual payment, is something that needs to be clarified. Delegate Watts added that what also needs to be clarified is whether this is purely a timing issue because of the effect of COVID-19 on revenue and ridership.
- Offering her support for the Authority's continuing dialogue with WMATA to clarify the issue, Ms. Hynes noted that she was a past WMATA Board member when both projects were submitted and could offer a historical perspective that could be helpful to the discussion.
 - Ms. Hynes noted that the landscape was very different in 2014 and 2015 from what it is today, and at the time WMATA had not yet finished the procurement of the 7000 Series cars. The plan was that more than half of those cars would be used to expand the fleet, and this was beyond what the

Silver Line was going to need, it was going to be a major expansion of the fleet, Ms. Hynes noted. It was in that context; Ms. Hynes indicated, that WMATA argued that the traction power upgrades were fundable by NVTA because WMATA could not actually run 8-car trains without upgrading the power.

- Ms. Hynes continued, the earlier series of cars were procured in pairs of two, and the 7000 series, as configured can only run as fours, so there is either a choice of a 4-car train or 8-car train with the 7000 series. That made it possible for WMATA to declare that the 8-car trains on the lines NVTA was improving would absolutely see an increase in carrying capacity.
- In 2015, when Ms. Hynes left the WMATA and Arlington County Boards, she noted decisions were made to use those cars to replace two of the series of existing cars in the fleet, so no major expansion was made in the number of cars, which was a real change in the landscape.
- Ms. Hynes added that the WMATA Board did take those actions to redirect the purchase of the 7000 into replacing many more cars than originally intended, and now we are in a situation where ridership is down.
- Board Member Cristol, speaking in the capacity of NVTC Chair which is the body by which the Northern Virginia jurisdictions that pay into metro organize themselves and have impact over metro's budget, including the capital budget, noted that if the Authority removes funding from the WMATA project, it is important to consider that it will be the responsibility of the Northern Virginia payees into metro to make it up.
- Board Member Cristol declared her support of Chair Randall's meeting initiative to make sure all parties are operating off the same information and the truth of whether WMATA is in compliance.
- Mayor Parrish asked Ms. Backmon to read the balance of Chairman McKay's statement into the record, which as previously noted, the Chairman could not be in attendance due to a meeting with Governor Northam.
 - With respect to the Orange and Blue line traction power upgrade, Chairman McKay noted the complexity of the issue and that when NVTA funding is involved with extra-territorial partners it becomes more complex.
 - Chairman McKay stated that he understands the concerns that the Authority staff has raised, but he is also fully aware of the importance of these projects to the future of WMATA, and they are largely underway.
 - Chairman McKay in the statement said he also believes the work associated with the Orange line and its funding is already complete. Rather than canceling the project, Chairman McKay noted his agreement that it makes sense for all parties to meet and discuss the issues that have been raised.
- Mayor Parrish reiterated that Chairman McKay wanted to make sure his statements were entered into the record, both on the previous VRE cancellation/withdrawal, and on the WMATA traction power upgrade projects.
- Noting his appreciation of information that has become known in the meeting, Mayor Parrish recalled his early concerns over why NVTA would approve funding that became part of the bond validation suit for congestion relief that was not going to occur.

Referencing Ms. Hynes' earlier comments, Mayor Parrish noted his appreciation of the historical context, that at the time the original and second funding was approved, it was believed by WMATA, jurisdictions and others, and the NVTA, that the dollars that the Authority put to congestion relief were going to be used for that purpose.

- Mayor Parrish added that as he understands, traction power was part of the means to get to congestion relief, and it was the congestion relief that NVTA could fund, which would be accomplished with the nexus of traction power and congestion relief with 8-car trains.
- Offering his willingness to listen at Chair Randall's upcoming meeting with WMATA, Mayor Parrish noted the central issue, without 8-car trains, it would seem that WMATA is out of compliance and NVTA would have no other option but to follow the recommendations of staff to cancel funding.
- Noting Board Member Cristol's previous comments on the possibility that Northern Virginia jurisdictions could still be left with the responsibility for paying for the project if it was cancelled, Chair Randall reiterated the need for the meeting with WMATA. Specifically, Chair Randall noted that it was not yet clear who would shoulder the financial responsibility of the project (jurisdictions, DC, Maryland) and what apportionment if NVTA cancels the project funding.
- Mayor Parrish thanked all of the members for a substantive discussion and indicated he was not seeking a motion, as this was a discussion item on the agenda. In terms of next steps, Mayor Parrish added his hope that a solution to this matter could be determined before the Authority meets on July 9, so it can take appropriate action.
- Mayor Rishell noted her agreement that no motion should be made; and she added her recommendation that the Finance Committee should provide a formal recommendation of no recommendation to the NVTA.

VI. Investment Portfolio Report

Mr. Stavros, Investment & Debt Manager

- Mr. Stavros noted he had a prepared statement that would cover two items, a regulatory or NVTA compliance action, and he would report on the performance of the portfolio.
- Mr. Stavros reported that he had sold \$53 million (face value) of Toyota bonds, which represents all of NVTA Toyota bond holdings. The investment made a total return of \$553,573.19
- This divestiture was a result of ratings agency downgrades of Toyota to single A in early April and late May.
- Mr. Stavros announced that it was the 14th month of portfolio outperformance of its benchmarks. Mr. Stavros also noted and reaffirmed Mr. Longhi's comments last month attributing the outperformance to critically important investment management systems the Finance Committee had provided.
- Mr. Stavros noted that the portfolio's performance might be limited in the future, as the Federal Reserve has indicated recently that it would hold rates at sub-zero levels until 2022.

VII. Monthly Revenue Report

Mr. Longhi, CFO

- Mr. Longhi noted he had received preliminary June receipts for sales tax, which are down a little over 22% from the last year, which is within the range that staff was projecting due to the pandemic.
- Mr. Longhi noted that there has been positive news that the state is not experiencing as hard a decline as anticipated.
- Noting the previously reported 70% decline in freight traffic in the first two weeks of the pandemic that had affected I-81 tax revenue, Mr. Longhi reported that same measure had registered a 22%-24% increase in spot freight traffic market. Mr. Longhi added the improvement in the measure could indicate the potential for a V shaped recovery in that area.
- While it is too early to give firm information on the impact of COVID-19 on the Authority's revenues, Mr. Longhi noted, the current financial or economic impact is well within NVTAs staff projections.

VIII. Monthly Operating Budget Report

Mr. Longhi, CFO

- Mr. Longhi noted that NVTAs was well within its budget, though there were some higher expenses related to working remotely, such as opening new technology channels that had not been envisioned as a result of COVID-19. But these expenses are well within the existing budget and operating reserve.

IX. Other Matters

- Mr. Longhi noted he was pleased to report that a notice was received from Fitch Ratings that the Authority will maintain its AA+ credit rating, which is the highest possible for a type of organization like NVTAs, as well as a Stable Outlook, which is very positive in the current economic climate.
- Chair Randall noted Fitch Ratings credit rating affirmation as excellent news, and how maintaining the highest credit rating that an institution like NVTAs can have was a testament to Mr. Longhi and finance staff, and to very good decisions of the Finance Committee.

Adjournment: 2:02 PM

X. Adjournment

Next Scheduled Meeting July 16, 2020 1:00PM (Room B)

3040 Williams Drive, Suite 200, Fairfax, Virginia

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
FINANCE COMMITTEE
RESOLUTION FINDING NEED TO CONDUCT
SEPTEMBER 17, 2020 MEETING ELECTRONICALLY

September 17, 2020

WHEREAS, on March 12, 2020, the Governor of Virginia declared a state of emergency in Virginia in response to the spread of novel coronavirus, or COVID-19, a communicable disease of public health threat as so declared by the State Health Commissioner on February 7, 2020 (“COVID-19”); and

WHEREAS, in subsequent Executive Orders, particularly Executive Order Nos. 53 and 55, as amended, the Governor of Virginia, among other measures designed to ensure safe physical distancing between individuals, prohibited public and private in person gatherings of 10 or more individuals and ordered all individuals in Virginia to remain at their place of residence, with limited exceptions, to mitigate the impacts of COVID-19 and prevent its spread; and

WHEREAS, the Northern Virginia Transportation Authority (Authority) - Finance Committee (Committee) finds that it has a responsibility to demonstrate to the public, through the Committee’s conduct, the importance of maintaining proper physical distance from others and to avoid gathering in public where the risks of infection are highest, and to take measures that promote physical distancing in order to protect the public health and mitigate the impacts and spread of COVID-19, including, among others, conducting meetings electronically whenever possible; and

WHEREAS, on April 22, 2020, the Virginia General Assembly adopted, and the Governor signed, budget bill amendments to HB 29 that expressly authorize “any public body, including any state, local, [or] regional body” to “meet by electronic communication means without a quorum of the public body . . . physically assembled at one location when the Governor has declared a state of emergency . . . , provided that (i) the nature of the declared emergency makes it impracticable or unsafe for the public body . . . to assemble in a single location; (ii) the purpose of the meeting is to discuss or transact the business statutorily required or necessary to continue operations of the public body . . . and the discharge of its lawful purposes, duties, and responsibilities” among other provisions; and

WHEREAS, member jurisdictions of the Northern Virginia Transportation Authority have adopted continuity of government ordinances pursuant to Va. Code Ann. § 15.2-1413 which ordinances, among other provisions, contemplate regional bodies of which the locality is a member meeting electronically to transact business to assure the continuity of government; and

NOW, THEREFORE, BE IT RESOLVED, that the Northern Virginia Transportation Authority Finance Committee hereby finds that meeting by electronic means is authorized because the nature of the declared emergency makes it both impracticable and unsafe for the Committee to assemble in a single location on September 17, 2020, to discuss and transact the business of the Committee listed on the September 17, 2020 Finance Committee Agenda; and

BE IT FURTHER RESOLVED, that the Committee hereby finds that meeting by electronic means is authorized because the items on the September 17, 2020 Committee Meeting Agenda are statutorily required or necessary to continue operations of the Authority and the discharge of the Authority's lawful purposes, duties, and responsibilities; and

BE IT FURTHER RESOLVED, that the items on the September 17, 2020 Authority Finance Committee Meeting Agenda are encompassed within the continuity of operations ordinances adopted by member localities of the Northern Virginia Transportation Authority to assure the continued operation of the government during the disaster posed by the public health emergency resulting from COVID-19.

Adopted the 17th day of September, 2020.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chairman Parrish and Members of the NVTA Finance Committee
FROM: Michael Longhi, Chief Financial Officer
DATE: September 11, 2020
SUBJECT: Policy Number 13 – Investment Policy

1. **Purpose:** To seek Northern Virginia Transportation Authority (NVTA) Finance Committee recommendation of Authority adoption of proposed revisions to Policy 13 – Investment Policy.
2. **Suggested Motion:** *I move the Finance Committee recommend Authority approval of the attached proposed revision to Policy 13 – Investment Policy.*
3. **Background:**
 - a. The current Investment Policy was adopted on December 11, 2014, and was revised twice in 2019.
 - b. The proposed changes to the policy has nine objectives:
 - i. Add Fitch, as one of at least two of three ratings agencies used when considering investment purchases. (Fitch was added to the corresponding State Code sections in the 2020 GA session. This was a legislative effort pushed by the NVTA and NOVA jurisdictions among others.)
 - ii. Add International Bank of Reconstruction and Development (IBRD) and Asian as well as African Development Bank (ADB) bonds issued by the World Bank, as allowed in the State Code, to the list of allowable investments. Capped at 36-month maturities and a maximum 15% of the portfolio.
 - iii. Add /update State Code citations.
 - iv. Delete the State Code appendix, replacing it with embedded Code references.
 - v. Update policy language (GASB-40, CFO for treasurer, internal policy references).
 - vi. Add language to address a security downgrade.
 - vii. Update language/processes for e-confirms and e-statements.
 - viii. Extend the maturity period of qualified bonds issued by Virginia cities and counties from 36 to 60 months.
 - ix. Reduce the maximum percent of the portfolio permitted to be invested in Virginia municipal bonds from 75% to 30%.

- c. With the Finance Committee recommendation, the proposed revisions to the policy will be presented for consideration at the Authority's October 2020 meeting.

Coordination:

Council of Counsels

Attachment

Draft Policy 13 – Investment Policy



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

Northern Virginia Transportation Authority

Investment Policy

Adopted: December 11, 2014

Revised: April 11, 2019

Revised: October 10, 2019

Revised : 2020 DRAFT

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

Investment Policy

Purpose and Scope.....1
 Objectives.....1
 Role of the Chief Financial Officer1
 Role of the Investment Monitor2
 Role of the Finance Committee2
 Ethics and Conflict of Interest.....2
 Internal Controls2
 External Portfolio Management.....23
 Community Bank Program3
 Investment of Bond Proceeds3
 Arbitrage Management Program.....3
 Payment of Banking Service and Investment Fees4
 Authorized Depository and Fee Service Banks.....4
 Authorized Investment Broker/Dealers.....4
 Benchmarks5

Purchase of Investments

General56
 Investment Policies and Standards56
 Allowable Investments7
 Diversification and Maturities.....10
 Delivery Requirements.....112

Reports of Investment Activity

Reports to the Finance Board.....1213
 Financial Statement Basis.....1213
Compliance with the Code of Virginia.....13

Attachments

Glossary Attachment 1
Relevant Code Sections Attachment 2
 Broker/Dealer Investment Policy Confirmation.....Attachment 32

INVESTMENT POLICY

PURPOSE AND SCOPE

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

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

OBJECTIVES

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

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

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

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

ROLE OF THE CHIEF FINANCIAL OFFICER

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

The CFO shall invest all available cash (with the exception of 30% funds) into a common investment portfolio. ~~The CFO is required to file a statement of economic interest annually with the Authority Administrative Assistant/Clerk by no later than January 15 (§2.2-3116). The CFO may require any employee of the Authority entrusted with the investment of Authority funds to file a similar statement.~~ The CFO and Investment and Debt Manager will file an annual Statement of Economic Interest and make any and all other disclosures or recusals in compliance with NVT A Policy 2 – Conflict of Interest. In no event shall any employee involved in the investment process also be involved in personal business activity that could conflict with proper execution of the investment program.

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

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

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

ROLE OF THE INVESTMENT MONITOR

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

ROLE OF THE FINANCE COMMITTEE

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

ETHICS AND CONFLICT OF INTEREST

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

INTERNAL CONTROLS

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

- Prevention of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping using a delivery versus payment basis
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers

- Development of a wire transfer agreement with the lead bank and third-party custodian.

EXTERNAL PORTFOLIO MANAGEMENT

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

COMMUNITY BANK PROGRAM

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

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

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

INVESTMENT OF BOND PROCEEDS

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

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

ARBITRAGE MANAGEMENT PROGRAM

The arbitrage management program seeks to promptly reimburse pooled cash for expenses

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

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

PAYMENT OF BANKING SERVICE AND INVESTMENT FEES

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

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

AUTHORIZED DEPOSITORY AND FEE SERVICE BANKS

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

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

AUTHORIZED INVESTMENT BROKER/DEALERS

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

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

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

Further, authorized financial institutions will:

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

BENCHMARKS

The portfolio performance benchmarks will be both the Fed Funds Rate and the Treasury 90 Day T-Bill rate. Comparisons to the Virginia State Non-Arbitrage Program (SNAP) and the Virginia Local Government Investment Pool (LGIP) will be maintained as they are both highly liquid investment pools operated in compliance with the Code of Virginia.

PURCHASE OF INVESTMENTS

GENERAL

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

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

Banks and broker/dealers shall be ~~instructed required~~ to ~~mail provide~~ trade confirmations or similar documentation and monthly statements to the Authority electronically or in hard copy. ~~Administrative Assistant/Clerk. The Administrative Assistant will show all trade confirmations to the Executive Director, keep a~~ copy of all confirms and statements on file and will be provided the originals to the Authority's Assistant Finance Officer for entry into the accounting system and record retention.

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

INVESTMENT POLICIES AND STANDARDS

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

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

- list will be considered based on its underlying credit rating not the enhanced rating.
2. At no time, shall more than thirty-five percent of the portfolio be invested in commercial paper.
 3. No more than five (5) percent of the portfolio shall be invested in the commercial paper of a single entity.
 4. The CFO will determine/reaffirm on a weekly basis the target balance for the portion of the portfolio invested with maturities greater than 24 months.
 5. At no time shall the remaining maturity of an investment exceed 60 months, unless such investment has a PUT option as described in the Diversity & Maturity Section.
 6. The CFO shall endeavor to maintain an appropriate diversification in the portfolio. The CFO will diversify instruments and institutions in order to reduce overall portfolio risk while attaining market rates of return.
 7. The CFO shall use the average of the three-month Treasury bill auctions for a quarter as a benchmark for the return on the investment portfolio.
 8. All investments with the sole exception of bank depository instruments, will be purchased on a delivery versus payment basis through a trust and custody agent under contract with the Authority.

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

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

ALLOWABLE INVESTMENTS

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

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

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

3. Stocks, bonds, notes and other evidences of indebtedness of any state of the United States upon which there is no default and upon which there has been no default for more than ninety days; provided, that within the twenty fiscal years next preceding the making of such investment, such state has not been in default for more than ninety days in the payment of any part of principal or interest of any debt authorized by the legislature of such state to be contracted.
4. Stocks, bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body in the Commonwealth upon which there is no default; provided, that if the principal and interest be payable from revenues or tolls and the project has not been completed, or if completed, has not established an operating record of net earnings available for payment of principal and interest equal to estimated requirements for that purpose according to the terms of the issue, the standards of judgment and care required in Article ~~2-9~~ (§ ~~26-45.364.2-780~~ et seq.) of Chapter ~~3-7~~ of Title ~~2664.2~~, without reference to this section, shall apply.

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

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

~~5.~~

~~6.7.~~ Savings accounts or time deposits in any bank or savings and loan association within the Commonwealth of Virginia, providing such bank or savings and loan association is a “qualified public depository”. Such savings accounts or time deposits must meet the collateralization requirements as set forth in the Virginia Security for Public Deposits Act and the regulations of the State Treasury Board. The collateral must be a security or securities allowable as a direct investment with a market value of not less than fifty percent of the deposit amount where the depository is a commercial bank and not less than one hundred percent of the deposit amount where the depository is a savings and loan or savings bank. This collateral must be pledged to the Treasury Board and held by the Board in its designated trust depository or another depository approved by the Board (~~§58.1-3149 and~~ §2.2-4400).

~~7.8.~~ Repurchase agreements which are collateralized with securities that are approved for direct investment. The ~~Treasurer-CFO~~ may require that physical possession of the collateral be taken (§2.2-4507). Physical possession must be taken when the term of the repurchase agreement exceeds ten (10) days. The ~~Treasurer-CFO~~ shall execute a master repurchase agreement with the bank or broker/dealer, which is the counterparty to the repurchase transaction prior to entering into any repurchase transaction.

~~8.9.~~ Banker’s acceptances from “prime quality” institutions. Prime quality shall be as determined by one or more nationally recognized rating agencies (§2.2-4504).

~~9.10.~~ “Prime quality” commercial paper (§2.2-4502). "Prime quality" shall be as rated by at least two (2) of the following: Moody's Investors Service, Inc., within its NCO/Moody's rating of P1, by Standard & Poor's, Inc., within its rating of A-1, at least F1 by Fitch Ratings Inc. (§2.2-4502.3).

~~10.11.~~ “High quality” corporate notes (§2.2-4510). High quality shall be defined as a rating of at least AA by Standard and Poor’s, at least Aa by Moody’s, at least AA by Fitch Ratings and a maturity of no more than five (5) years. All investments should be rated by at least two rating agencies.

~~11.12.~~ Certificates representing ownership in either treasury bond principal at maturity or its coupons for accrual periods. The underlying United States Treasury bonds or coupons shall be held by a safekeeping agent independent of the seller of the certificates (§2.2-4505).

~~12.13.~~ The Local Government Investment Pool (LGIP). Investments in this pool are subject to the rules and regulations as set forth by the Virginia Department of the Treasury which manages the pool (§2.2-4602). The CFO shall, on a continual basis, monitor the management and operations of the LGIP.

~~13.14.~~ The State Non-Arbitrage Pool (SNAP). Investments in this pool are limited to unexpended proceeds from the issuance of bonds, the interest on which is subject to rebate under the provisions of the Tax Reform Act of 1986 (§2.2-4700), and reserve accounts directly related to the issuance of debt or other credit agreement.

~~14.15.~~ Open-end mutual funds, provided the funds are registered under the Security Act of Virginia (§ 13.1-501 et seq.) or the Federal Investment Act of 1940 and that the

investments by such Funds are restricted to the same securities as approved for direct investments (§2.2-4508).

~~15.~~16. Negotiable certifications of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks that have received at least two of the following ratings: with a rating of at least A-1 by Standard & Poor's, P-1 by Moody's Investor Service, Inc., F1 by Fitch Ratings., for maturities of one year or less, and a rating of at least AA by Standard & Poor's, ~~and~~ Aa by Moody's Investor Service, Inc., . and AA by Fitch Ratings. for maturities over one year and not exceeding five years (§2.2-4509).

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

~~16.~~

DIVERSIFICATION & MATURITIES

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

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

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

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

<u>Class</u>	<u>Length</u>	<u>Percent of total portfolio & cash</u>
Stocks, bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia	60 months of less	75%
Stocks, bonds, notes and other evidences of indebtedness of the United States	60 months or less	100%
Stocks, bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth of Virginia	36-60 months or less	75 30%

<u>Class</u>	<u>Length</u>	<u>Percent of total portfolio & cash</u>
Legally authorized stocks, bonds, notes and other evidences of indebtedness of any city, county, town or district situated in any one of the states of the United States.	36 months or less	75%
Savings accounts or time deposits (CDs) in any bank or savings and loan association within the Commonwealth of Virginia	24 months or less	60%
Repurchase Agreements	12 months or less	20%
Banker's Acceptances	12 months or less	10%
Prime Quality Commercial Paper	270 days or less	35% with a 5% per issuer limit
High Quality Corporate Notes	36 months or less	50%
Certificates representing ownership in either treasury bond principal at maturity or its coupons for accrual periods	36 months or less	25%
The Local Government Investment Pool (LGIP)	N/A	100%
Open End Mutual Funds	N/A	Maximum 20% in any one fund. Prior 3 year history must exceed internal performance by 25bps, net of mgmt fee.
The State Non-Arbitrage Pool (SNAP)	N/A	100% of bond proceeds or debt related reserve account
Negotiable certificates of deposit and negotiable bank deposit notes	24 months or less	25%
External Management Contract	3 years or less	25% of net balance of pooled investments, using lowest portfolio amount as target point. Prior 3 year history must exceed internal performance by 25bps, net of mgmt fee.
<u>Bonds and other obligations issued, guaranteed or assumed by the International Bank of Reconstruction and Development, the Asian Development Bank, or by the African</u>	<u>36 months or less</u>	<u>15%</u>

<u>Class</u>	<u>Length</u>	<u>Percent of total portfolio & cash</u>
<u>Development Bank. (§2.2-4501)</u>		

DELIVERY REQUIREMENTS

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

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

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

REPORTS OF INVESTMENT ACTIVITY

REPORTS TO THE FINANCE COMMITTEE

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

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

FINANCIAL STATEMENT BASIS

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

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

Reporting components will include:

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

COMPLIANCE WITH THE CODE OF VIRGINIA

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

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

ATTACHMENTS

GLOSSARY – Attachment 1

Accrual Basis

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

Accrued Interest

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

Agency Security

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

Amortization

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

Arbitrage

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

Average Life

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

Bankers Acceptance

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

Basis Point (bps)

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

Bid

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

Book Value

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

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

Bond

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

Broker

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

Callable Bond

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

Call Price

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

Call Risk

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

Capital Reserve Fund

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

Cash Equivalents

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

Cash Sale/Purchase

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

Certificate of Deposit

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

Collateralization

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

Collusion

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

Commercial Paper

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

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

Compensating Balance

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

Coupon Rate

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

Credit Quality

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

Credit Risk

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

Current Yield (Current Return)

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

Custodial Safekeeping

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

Demand Deposit

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

Derivative Security

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

Discount

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

D.K.

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

D.T.C.

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

D.V.P.

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

Duration

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

Fair Value

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

FDIC

Federal Deposit Insurance Corporation

Federal Funds (Fed Funds)

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

Federal Funds Rate

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

Federal Reserve System

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

FINRA

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

Fiscal Year

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

Governmental Accounting Standards Board (GASB)

A nationally recognized board consisting of five members, appointed by and operating under the Financial Accounting Foundation. The GASB is the highest source of reporting and accounting guidance for state and local governments.

Government Securities

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

Interest Rate

See Coupon Rate.

Interest Rate Risk

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

Internal Controls

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

Inverted Yield Curve

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

Investment

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

Investment Company Act of 1940

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

Investment Policy

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

Investment-grade Obligations

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

Jumbo CD

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

Liquidity

A measure of the ability to convert a security into cash with a minimum risk of loss of

principal or accrued interest. The easier the ability to convert the more liquid the security.

Local Government Investment Pool (LGIP)

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

Mark-to-market

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

Market Risk

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

Market Value

Current market price of a security.

Maturity

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

Money Market Mutual Fund

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

Municipal Obligation

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

Mutual Fund

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

Mutual Fund Statistical Services

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

National Association of Securities Dealers (NASD)

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

Net Asset Value

The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any

accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. $[(\text{Total assets}) - (\text{Liabilities})]/(\text{Number of shares outstanding})$.

No Load Fund

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

Nominal Yield

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

Offer

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

Opportunity Cost

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

Par Value

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

Positive Yield Curve

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

Premium

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

Primary Dealer

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

Prime Rate

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

Principal

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

Prospectus

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

Prudent Person Rule

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

Repurchase Agreement ("Repo")

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

Rule 2a-7 of the Investment Company Act

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

Safekeeping

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

SEA

Securities Exchange Act

Serial Bond

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

Sinking Fund

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

SLY

Safety, Liquidity and Yield

SNAP (State Non-Arbitrage Program)

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

Swap

Trading one asset for another.

Term Bond

Bonds comprising a large part or all of a particular issue which come due in a single

maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

Time Deposit

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

Total Return

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

Treasury Bills

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

Treasury Bonds

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

Treasury Notes

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

Treasury Obligations

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

U.S. Agency Securities

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

Volatility

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

Weighted Average Maturity (WAM)

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

When Issued (WI)

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

Yield

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

Yield-to-call (YTC)

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

Yield Curve

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

Yield-to-maturity

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

Zero Balance Account

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

Zero-coupon Securities

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

~~RELEVANT CODE SECTIONS—Attachment 2~~

~~CHAPTER 44
VIRGINIA SECURITY FOR PUBLIC DEPOSITS ACT~~

~~§ 2.2-4400. Short title; declaration of intent; applicability.~~

- ~~A. This chapter may be cited as the "Virginia Security for Public Deposits Act."~~
- ~~B. The General Assembly intends by this chapter to establish a single body of law applicable to the pledge of security as collateral for public funds on deposit in financial institutions so that the procedure for securing public deposits may be uniform throughout the Commonwealth.~~
- ~~C. All public deposits in qualified public depositories that are required to be secured by other provisions of law or by a public depositor shall be secured pursuant to this chapter.~~
- ~~D. This chapter, however, shall not apply to deposits made by the State Treasurer in out-of-state financial institutions related to master custody and tri party repurchase agreements, provided (i) such deposits do not exceed ten percent of average monthly investment balances and (ii) the out-of-state financial institutions used for this purpose have a short term deposit rating of not less than A-1 by Standard & Poor's Rating Service or P-1 by Moody's Investors Service, Inc., respectively.~~
- ~~(1973, c. 172, §§ 2.1-359, 2.1-361; 1984, c. 135; 2000, cc. 335, 352; 2001, c. 844.)~~

~~§ 2.2-4401. Definitions.~~

~~As used in this chapter, unless the context requires a different meaning:~~

~~"Default or insolvency" includes, but shall not be limited to, the failure or refusal of any qualified public depository to return any public deposit upon demand or at maturity and the issuance of an order of supervisory authority restraining such depository from making payments of deposit liabilities or the appointment of a receiver for such depository.~~

~~"Eligible collateral" means securities of the character authorized as legal investments under the laws of the Commonwealth for public sinking funds or other public funds and securities acceptable under United States Treasury Department regulations as collateral for the security of treasury tax and loan accounts and Federal Loan Bank letters of credit that adhere to the guidelines as promulgated by the Treasury Board.~~

~~"Located in Virginia" means having a main office or branch office in the Commonwealth where deposits accepted, checks are paid, and money is lent.~~

~~"Public deposit" means moneys of the Commonwealth or of any county, city, town or other political subdivision thereof, including moneys of any commission, institution, committee, board or officer of the foregoing and any state, circuit, county or municipal court, which moneys are deposited in any qualified public depository in any of the following types of accounts: nonnegotiable or registered time deposits, demand deposits, savings deposits, and any other transaction accounts, and security for such deposit is required by other provisions of law, or is required due to an election of the public depositor.~~

~~"Qualified public depository" means any national banking association, federal savings and loan association or federal savings bank located in Virginia and any bank, trust company or savings institution organized under Virginia law that receives or holds public deposits that are secured pursuant to this chapter.~~

~~"Required collateral" of a qualified public depository means, (i) in the case of a bank, a sum equal to fifty percent of the actual public deposits held at the close of business on the last banking day in the month immediately preceding the date of any computation of such balance, or the average balance of all public deposits for such preceding month, whichever is greater, and (ii) in the case of a savings and loan association or savings bank, a sum equal to 100 percent of the average daily balance for the month immediately preceding the date of any computation of such balance of all public deposits held by such depository but shall~~

~~not be less than 100 percent of the public deposits held by such depository at the close of business on the last banking day in such preceding month.~~

~~"Treasurer" and "public depositor" means the State Treasurer, a county, city, or town treasurer or director of finance or similar officer and the custodian of any other public deposits secured pursuant to this chapter.~~

~~"Treasury Board" means the Treasury Board of the Commonwealth created by § 2.2-2415. (1973, c. 172, § 2.1-360; 1984, c. 135; 1987, c. 718; 1996, c. 77; 1998, cc. 20, 21; 2001, c. 844; 2008, c.)~~

~~§ 2.2-4402. Collateral for public deposits.~~

~~Every qualified public depository shall deposit with the State Treasurer, or, with the approval of the Treasury Board, with the Federal Reserve Bank of Richmond or any other bank or trust company located within or without the Commonwealth, eligible collateral equal to or in excess of the required collateral of such depository to be held subject to the order of the Treasury Board. Eligible collateral shall be valued as determined by the Treasury Board. Substitutions and withdrawals of eligible collateral may be made from time to time under regulations issued by the Treasury Board.~~

~~Each qualified public depository shall, at the time of the deposit of eligible collateral, deliver to the State Treasurer a power of attorney authorizing him to transfer any registered securities deposited, or any part thereof, for the purpose of paying any of the liabilities provided for in this chapter.~~

~~Notwithstanding any other provisions of law, no depository shall be required to give bond or pledge securities in the manner herein provided for the purpose of securing deposits received or held in the trust department of the depository and that are secured as required by § 6.1-21 or that are secured pursuant to Title 12, § 92a of the United States Code by securities of the classes prescribed by § 6.1-21.~~

~~No qualified public depository shall accept or retain any public deposit that is required to be secured unless it has deposited eligible collateral equal to its required collateral with some proper depository pursuant to this chapter. (1973, c. 172, § 2.1-362; 2001, c. 844.)~~

~~§ 2.2-4403. Procedure for payment of losses where depository is bank.~~

~~When the Treasury Board is advised by any treasurer or otherwise determines that a default or insolvency has occurred with regard to a qualified public depository that is a bank, it shall as promptly as practicable make payment to the proper treasurer of all funds subject to such default or insolvency, pursuant to the following procedures:~~

- ~~1. The Treasury Board and the treasurer shall ascertain the amount of public funds on deposit with the qualified public depository in default or insolvent that are secured pursuant to this chapter, either with the cooperation of the Commissioner of Financial Institutions or receiver appointed for such depository or by any other means available, and the amount of deposit insurance applicable to such deposits.~~
- ~~2. The amount of such public deposits ascertained as provided in subdivision 1, net of applicable deposit insurance, shall be assessed by the Treasury Board first against the depository in default or insolvent to the extent of the full realizable current market value of the collateral deposited by it to secure its public deposits, and second, to the extent that such collateral is insufficient to satisfy the liability of the depository upon its deposits secured pursuant to this chapter against each of the other qualified public depositories according to the ratio that the average daily balance for each month of the secured public deposits held by the depository during the twelve calendar months immediately preceding the date of the default or insolvency with respect to which the assessment is made bears to the total average daily balance for each month of all secured public deposits held by all qualified public depositories that are banks, other than the defaulting depository, during those twelve calendar months.~~

- ~~3.—Assessments made by the Treasury Board shall be payable on the second business day following demand, and in case of the failure of any qualified public depository to pay such assessment when due, the State Treasurer shall promptly take possession of the eligible collateral deposited with him or with the Federal Reserve Bank of Richmond or other bank or trust company pursuant to this chapter and liquidate the same to the extent necessary to pay such assessment and turn over such amounts received to the Treasury Board.~~
 - ~~4.—Upon receipt of such assessment, payments or the proceeds of the eligible collateral liquidated to pay such assessments from the State Treasurer, the Treasury Board shall reimburse the public depositors to the extent of the depository's deposit liability to them, net of any applicable deposit insurance.~~
- ~~(1973, c. 172, § 2.1 363; 1978, c. 14; 1984, c. 135; 2001, c. 844.)~~

~~**§ 2.2 4404. Procedure for payment of losses where depository is savings bank or savings and loan association.**~~

~~When the Treasury Board is advised by any treasurer or otherwise determines that a default or insolvency has occurred with regard to a qualified public depository that is a savings bank or a savings and loan association, it shall as promptly as practicable make payment to the proper treasurer of all funds subject to such default or insolvency, pursuant to the following procedures:~~

- ~~1.—The Treasury Board and the treasurer shall ascertain the amount of public funds on deposit with the qualified public depository in default or insolvent that are secured pursuant to this chapter, either with the cooperation of the Commissioner of Financial Institutions or receiver appointed for such depository or by any other means available, and the amount of deposit insurance applicable to such deposits.~~
 - ~~2.—The amount of such public deposits ascertained as provided in subdivision 1 net of applicable deposit insurance, shall be assessed by the Treasury Board against the depository in default or insolvent. The State Treasurer shall promptly take possession of such of the eligible collateral deposited by such depository with him, or with any other depository pursuant to this chapter, as is necessary to satisfy the assessment of the Treasury Board and shall liquidate the same and turn over the proceeds thereof to the Treasury Board.~~
 - ~~3.—Upon receipt from the State Treasurer of the payments or proceeds of the eligible collateral liquidated to pay such assessments from the State Treasurer, the Treasury Board shall reimburse the public depositors to the extent of the depository's deposit liability to them, net of any applicable deposit insurance.~~
- ~~(1984, c. 135, § 2.1 363.1; 2001, c. 844.)~~

~~**§ 2.2 4405. Powers of Treasury Board relating to the administration of this chapter.**~~

~~The Treasury Board shall have power to:~~

- ~~1.—Make and enforce regulations necessary and proper to the full and complete performance of its functions under this chapter;~~
- ~~2.—Prescribe regulations fixing terms and conditions consistent with this chapter under which public deposits may be received and held;~~
- ~~3.—Require such additional collateral, in excess of the required collateral of any qualified public depository, of any and all such depositories as it may determine prudent under the circumstances;~~
- ~~4.—Determine what securities shall be acceptable as eligible collateral, and to fix the percentage of face value or market value of such securities that can be used to secure public deposits;~~
- ~~5.—Require any qualified public depository to furnish such information concerning its public deposits; and~~
- ~~6.—Determine when a default or insolvency has occurred and to take such action as it may~~

deem advisable for the protection, collection, compromise or settlement of any claim arising in case of default or insolvency.
(1973, c. 172, § 2.1-364; 2001, c. 844.)

~~§ 2.2-4406. Subrogation of Treasury Board to depositor's rights; payment of sums received from distribution of assets.~~

~~Upon payment in full to any public depositor, the Treasury Board shall be subrogated to all of such depositor's rights, title and interest against the depository in default or insolvent and shall share in any distribution of its assets ratably with other depositors. Any sums received from any such distribution shall be paid to the other qualified public depositories against which assessments were made, in proportion to such assessments, net of any proper expense of the Treasury Board in enforcing any such claim.
(1973, c. 172, § 2.1-365; 2001, c. 844.)~~

~~§ 2.2-4407. Deposit of public funds in qualified public depository mandatory.~~

~~No public deposit that is required to be secured pursuant to this chapter shall be made except in a qualified public depository.
(1973, c. 172, § 2.1-366; 2001, c. 844.)~~

~~§ 2.2-4408. Authority to deposit public funds.~~

~~A. All treasurers and public depositors are hereby authorized to deposit funds under their control in qualified public depositories securing public deposits pursuant to this chapter.~~

~~B. Local officials handling public funds in the Commonwealth may not require from a depository institution any pledge of collateral for their deposits in such institution which is in excess of the requirements of this chapter.~~

~~(1973, c. 172, § 2.1-367; 1980, c. 538, § 2.1-234.5; 1998, cc. 20, 21; 2001, c. 844.)~~

~~§ 2.2-4409. Authority to secure public deposits; acceptance of liabilities and duties by public depositories.~~

~~All institutions located in the Commonwealth that are permitted to hold and receive public deposits are hereby authorized to secure such deposits in accordance with this chapter. Any institution accepting a public deposit that is required to be secured pursuant to this chapter shall be deemed to have accepted the liabilities and duties imposed upon it pursuant to this chapter with respect to the deposit.
(1973, c. 172, § 2.1-368; 2001, c. 844.)~~

~~§ 2.2-4410. Liability of treasurers or public depositors.~~

~~When deposits are made in accordance with this chapter no treasurer or public depositor shall be liable for any loss thereof resulting from the failure or default of any depository in the absence of negligence, malfeasance, misfeasance, or nonfeasance on his part or on the part of his assistants or employees.
(1973, c. 172, § 2.1-370; 2001, c. 844.)~~

~~§ 2.2-4411. Reports of public depositories.~~

~~Within ten days after the end of each calendar month or when requested by the Treasury Board each qualified public depository shall submit to the Treasury Board a written report, under oath, indicating (i) the total amount of public deposits held by it at the close of business on the last banking day in the month, (ii) the average daily balance for the month of all secured public deposits held by it during the month, (iii) a detailed schedule of pledged collateral at its current asset value for purposes of collateral at the close of business on the last banking day in the month, and (iv) any other information with respect to its~~

~~secured public deposits that may be required by the Treasury Board. Each qualified public depository shall also furnish at the same time to each public depositor for which it holds deposits and that makes a written request therefore a schedule of the secured public deposits to the credit of such depositor as of the close of business on the last banking day in the month and the total amount of all secured public deposits held by it upon such date. (1973, c. 172, § 2.1-369; 1979, c. 154; 2001, c. 844.)~~

CHAPTER 45
INVESTMENT OF PUBLIC FUNDS ACT

§ 2.2-4500. Legal investments for public sinking funds.

~~The Commonwealth, all public officers, municipal corporations, other political subdivisions and all other public bodies of the Commonwealth may invest any sinking funds belonging to them or within their control in the following securities:~~

- ~~1. Bonds, notes and other evidences of indebtedness of the Commonwealth, and securities unconditionally guaranteed as to the payment of principal and interest by the Commonwealth.~~
 - ~~2. Bonds, notes and other obligations of the United States, and securities unconditionally guaranteed as to the payment of principal and interest by the United States, or any agency thereof. The evidences of indebtedness enumerated by this subdivision may be held directly, or in the form of repurchase agreements collateralized by such debt securities, or in the form of securities of any open end or closed end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio of such investment company or investment trust is limited to such evidences of indebtedness, or repurchase agreements collateralized by such debt securities, or securities of other such investment companies or investment trusts whose portfolios are so restricted.~~
 - ~~3. Bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth upon which there is no default; provided, that such bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body are either direct legal obligations of, or those unconditionally guaranteed as to the payment of principal and interest by the county, city, town, district, authority or other public body in question; and revenue bonds issued by agencies or authorities of the Commonwealth or its political subdivisions upon which there is no default.~~
 - ~~4. Bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development, bonds and other obligations issued, guaranteed or assumed by the Asian Development Bank and bonds and other obligations issued, guaranteed or assumed by the African Development Bank.~~
 - ~~5. Savings accounts or time deposits in any bank or savings institution within the Commonwealth provided the bank or savings institution is approved for the deposit of other funds of the Commonwealth or other political subdivision of the Commonwealth.~~
- ~~(1956, c. 184, § 2-297; 1958, c. 102; 1966, c. 677, § 2.1-327; 1970, c. 75; 1974, c. 288; 1986, c. 270; 1988, cc. 526, 834; 1996, cc. 77, 508; 2001, c. 844.)~~

§ 2.2-4501. Legal investments for other public funds.

~~A. The Commonwealth, all public officers, municipal corporations, other political subdivisions and all other public bodies of the Commonwealth may invest any and all moneys belonging to them or within their control, other than sinking funds, in the following:~~

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

~~investment company or investment trust is limited to such evidences of indebtedness, or repurchase agreements collateralized by such debt securities, or securities of other such investment companies or investment trusts whose portfolios are so restricted.~~

- ~~3) Stocks, bonds, notes and other evidences of indebtedness of any state of the United States upon which there is no default and upon which there has been no default for more than ninety days; provided, that within the twenty fiscal years next preceding the making of such investment, such state has not been in default for more than ninety days in the payment of any part of principal or interest of any debt authorized by the legislature of such state to be contracted.~~
 - ~~4) Stocks, bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body in the Commonwealth upon which there is no default; provided, that if the principal and interest be payable from revenues or tolls and the project has not been completed, or if completed, has not established an operating record of net earnings available for payment of principal and interest equal to estimated requirements for that purpose according to the terms of the issue, the standards of judgment and care required in Article 2 (§ 26-45.3 et seq.) of Chapter 3 of Title 26, without reference to this section, shall apply.
In any case in which an authority, having an established record of net earnings available for payment of principal and interest equal to estimated requirements for that purpose according to the terms of the issue, issues additional evidences of indebtedness for the purposes of acquiring or constructing additional facilities of the same general character that it is then operating, such additional evidences of indebtedness shall be governed by the provisions of this section without limitation.~~
 - ~~5) Legally authorized stocks, bonds, notes and other evidences of indebtedness of any city, county, town or district situated in any one of the states of the United States upon which there is no default and upon which there has been no default for more than ninety days; provided, that
 - ~~i) within the twenty fiscal years next preceding the making of such investment, such city, county, town or district has not been in default for more than ninety days in the payment of any part of principal or interest of any stock, bond, note or other evidence of indebtedness issued by it;~~
 - ~~ii) such city, county, town or district shall have been in continuous existence for at least twenty years;~~
 - ~~iii) such city, county, town or district has a population, as shown by the federal census next preceding the making of such investment, of not less than 25,000 inhabitants;~~
 - ~~iv) the stocks, bonds, notes or other evidences of indebtedness in which such investment is made are the direct legal obligations of the city, county, town or district issuing the same;~~
 - ~~v) the city, county, town or district has power to levy taxes on the taxable real property therein for the payment of such obligations without limitation of rate or amount; and~~
 - ~~vi) the net indebtedness of such city, county, town or district (including the issue in which such investment is made), after deducting the amount of its bonds issued for self-sustaining public utilities, does not exceed ten percent of the value of the taxable property in such city, county, town or district, to be ascertained by the valuation of such property therein for the assessment of taxes next preceding the making of such investment.~~~~
 - ~~6) Bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development, by the Asian Development Bank or by the African Development Bank.~~
- ~~B. This section shall not apply to retirement funds and deferred compensation plans to be~~

invested pursuant to §§ 51.1-124.30 through 51.1-124.35 or § 51.1-601.
C. ~~Investments made prior to July 1, 1991, pursuant to § 51.1-601 are ratified and deemed valid to the extent that such investments were made in conformity with the standards set forth in Chapter 6 (§ 51.1-600 et seq.) of Title 51.1. (1956, c. 184, § 2-298; 1966, c. 677, § 2.1-328; 1980, c. 596; 1988, c. 834; 1991, c. 379; 1992, c. 810; 1996, c. 508; 1999, c. 772; 2001, c. 844.)~~

~~§ 2.2-4502. Investment of funds of Commonwealth, political subdivisions, and public bodies in "prime quality" commercial paper.~~

A. ~~The Commonwealth, all public officers, municipal corporations, other political subdivisions and all other public bodies of the Commonwealth may invest any and all moneys belonging to them or within their control other than sinking funds in "prime quality" commercial paper, with a maturity of 270 days or less, of issuing corporations organized under the laws of the United States, or of any state thereof including paper issued by banks and bank holding companies. "Prime quality" shall be as rated by at least two of the following: Moody's Investors Service, Inc., within its NCO/Moody's rating of prime 1, by Standard & Poor's, Inc., within its rating of A-1, by Fitch Investor's Services, Inc., within its rating of F-1, by Duff and Phelps, Inc., within its rating of D-1, or by their corporate successors, provided that at the time of any such investment:~~

- ~~1) The issuing corporation, or its guarantor, has a net worth of at least fifty million dollars; and~~
- ~~2) The net income of the issuing corporation, or its guarantor, has averaged three million dollars per year for the previous five years; and~~
- ~~3) All existing senior bonded indebtedness of the issuer, or its guarantor, is rated "A" or better or the equivalent rating by at least two of the following: Moody's Investors Service, Inc., Standard & Poor's, Inc., Fitch Investor's Services, Inc., or Duff and Phelps, Inc.~~

~~Not more than thirty-five percent of the total funds available for investment may be invested in commercial paper, and not more than five percent of the total funds available for investment may be invested in commercial paper of any one issuing corporation.~~

B. ~~Notwithstanding subsection A, the Commonwealth, municipal corporations, other political subdivisions and public bodies of the Commonwealth may invest any and all moneys belonging to them or within their control, except for sinking funds, in commercial paper other than "prime quality" commercial paper as defined in this section provided that:~~

- ~~1) Prior written approval is obtained from the governing board, committee or other entity that determines investment policy. The Treasury Board shall be the governing body for the Commonwealth; and~~
- ~~2) A written internal credit review justifying the creditworthiness of the issuing corporation is prepared in advance and made part of the purchase file.~~

~~(1973, c. 232, § 2.1-328.1; 1974, c. 295; 1976, c. 665; 1986, c. 170; 1987, c. 73; 1988, c. 834; 1992, c. 769; 2001, c. 844.)~~

~~§ 2.2-4503.~~

~~Not set out.~~

~~§ 2.2-4504. Investment of funds by the Commonwealth and political subdivisions in bankers' acceptances.~~

~~Notwithstanding any provisions of law to the contrary, all public officers, municipal corporations, other political subdivisions and all other public bodies of the Commonwealth may invest any and all moneys belonging to them or within their control other than sinking~~

funds in bankers' acceptances.
(1981, c. 18, § 2.1 328.3; 1988, c. 834; 2001, c. 844.)

~~§ 2.2 4505. Investment in certificates representing ownership of treasury bond principal at maturity or its coupons for accrued periods.~~

~~Notwithstanding any provision of law to the contrary, the Commonwealth, all public officers, municipal corporations, other political subdivisions and all other public bodies of the Commonwealth may invest any and all moneys belonging to them or within their control, in certificates representing ownership of either treasury bond principal at maturity or its coupons for accrued periods. The underlying United States Treasury bonds or coupons shall be held by a third party independent of the seller of such certificates.
(1983, c. 117, § 2.1 328.5; 1985, c. 352; 1988, c. 834; 2001, c. 844.)~~

~~§ 2.2 4506. Securities lending.~~

~~Notwithstanding any provision of law to the contrary, the Commonwealth, all public officers, municipal corporations, political subdivisions and all public bodies of the Commonwealth may engage in securities lending from the portfolio of investments of which they have custody and control, other than sinking funds. The Treasury Board shall develop guidelines with which such securities lending shall fully comply. Such guidelines shall ensure that the state treasury is at all times fully collateralized by the borrowing institution.
(1983, c. 268, § 2.1 328.6; 2001, c. 844.)~~

~~§ 2.2 4507. Investment of funds in overnight, term and open repurchase agreements.~~

~~Notwithstanding any provision of law to the contrary, the Commonwealth, all public officers, municipal corporations, other political subdivisions and all other public bodies of the Commonwealth, may invest any and all moneys belonging to them or within their control in overnight, term and open repurchase agreements that are collateralized with securities that are approved for direct investment.
(1985, c. 352, § 2.1 328.8; 1988, c. 834; 2001, c. 844.)~~

~~§ 2.2 4508. Investment of certain public moneys in certain mutual funds.~~

~~Notwithstanding any provision of law to the contrary, the Commonwealth, all public officers, municipal corporations, other political subdivisions and all other public bodies of the Commonwealth may invest any and all moneys belonging to them or within their control, other than sinking funds that are governed by the provisions of § 2.2 4500, in one or more open end investment funds, provided that the funds are registered under the Securities Act (§ 13.1 501 et seq.) of the Commonwealth or the Federal Investment Co. Act of 1940, and that the investments by such funds are restricted to investments otherwise permitted by law for political subdivisions as set forth in this chapter, or investments in other such funds whose portfolios are so restricted.
(1986, c. 170, § 2.1 328.9; 1988, c. 834; 1996, c. 508; 2001, c. 844.)~~

~~§ 2.2 4509. Investment of funds in negotiable certificates of deposit and negotiable bank deposit notes.~~

~~Notwithstanding any provision of law to the contrary, the Commonwealth and all public officers, municipal corporations, and other political subdivisions and all other public bodies of the Commonwealth may invest any or all of the moneys belonging to them or within their control, other than sinking funds, in negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least A-1 by Standard & Poor's and P-1 by Moody's Investor Service, Inc., for maturities of one year or less, and a rating of at least AA by Standard & Poor's and Aa by Moody's Investor Service, Inc., for maturities over one year and not exceeding five years.~~

(1998, cc. 20, 21, § 2.1-328.15; 2001, c. 844.)

§ 2.2-4510. Investment of funds in corporate notes.

~~A. Notwithstanding any provision of law to the contrary, the Commonwealth, all public officers, municipal corporations, other political subdivisions and all other public bodies of the Commonwealth may invest any and all moneys belonging to them or within their control, other than sinking funds, in high quality corporate notes with a rating of at least Aa by Moody's Investors Service, Inc., and a rating of at least AA by Standard and Poors, Inc., and a maturity of no more than five years.~~

~~B. Notwithstanding any provision of law to the contrary, any qualified public entity of the Commonwealth may invest any and all moneys belonging to it or within its control, other than sinking funds, in high quality corporate notes with a rating of at least A by two rating agencies, one of which shall be either Moody's Investors Service, Inc., or Standard and Poors, Inc.~~

~~As used in this section, "qualified public entity" means any state agency or institution of the Commonwealth, having an internal or external public funds manager with professional investment management capabilities.~~

~~(1987, c. 187, § 2.1-328.10; 1988, c. 834; 1994, c. 145; 2001, c. 844; 2002, cc. 18, 438.)~~

§ 2.2-4511. Investment of funds in asset-backed securities.

~~Notwithstanding any provision of law to the contrary, any qualified public entity of the Commonwealth may invest any and all moneys belonging to it or within its control, other than sinking funds, in asset-backed securities with a duration of no more than five years and a rating of no less than AAA by two rating agencies, one of which must be either Moody's Investors Service, Inc., or Standard and Poors, Inc.~~

~~As used in this section, "qualified public entity" means any state agency, institution of the Commonwealth or statewide authority created under the laws of the Commonwealth having an internal or external public funds manager with professional investment management capabilities.~~

~~(1994, c. 145, § 2.1-328.13; 1997, c. 29; 2001, c. 844.)~~

§ 2.2-4512. Investment of funds by State Treasurer in obligations of foreign sovereign governments.

~~Notwithstanding any provision of law to the contrary, the State Treasurer may invest unexpended or excess moneys in any fund or account over which he has custody and control, other than sinking funds, in fully hedged debt obligations of sovereign governments and companies that are fully guaranteed by such sovereign governments, with a rating of at least AAA by Moody's Investors Service, Inc., and a rating of at least AAA by Standard and Poors, Inc., and a maturity of no more than five years.~~

~~Not more than ten percent of the total funds of the Commonwealth available for investment may be invested in the manner described in this section.~~

~~(1988, c. 461, § 2.1-328.11; 2001, c. 844.)~~

§ 2.2-4513. Investments by transportation commissions.

~~Transportation commissions that provide rail service may invest in, if required as a condition to obtaining insurance, participate in, or purchase insurance provided by, foreign insurance companies that insure railroad operations.~~

~~(1988, c. 834, § 2.1-328.12; 2001, c. 844.)~~

§ 2.2-4514. Commonwealth and its political subdivisions as trustee of public funds; standard of care in investing such funds.

~~Public funds held by the Commonwealth, public officers, municipal corporations, political subdivisions, and any other public body of the Commonwealth shall be held in trust for the~~

citizens of the Commonwealth. Any investment of such funds pursuant to the provisions of this chapter shall be made solely in the interest of the citizens of the Commonwealth and 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.
(1996, c. 437, § 2.1-328.14; 2001, c. 844.)

§ 2.2-4515. Collateral and safekeeping arrangements.

~~Securities purchased pursuant to the provisions of this chapter shall be held by the public official, municipal corporation or other political subdivision or public body or its custodial agent who may not otherwise be a counterparty to the investment transaction. Securities held on the books of the custodial agent by a custodial agent shall be held in the name of the municipal corporation, political subdivision or other public body subject to the public body's order of withdrawal. The responsibilities of the public official, municipal corporation, political subdivision or other public body shall be evidenced by a written agreement that shall provide for delivery of the securities by the custodial agent in the event of default by a counterparty to the investment transaction.~~

~~As used in this section, "counterparty" means the issuer or seller of a security, an agent purchasing a security on behalf of a public official, municipal corporation, political subdivision or other public body or the party responsible for repurchasing securities underlying a repurchase agreement.~~

~~The provisions of this section shall not apply to (i) investments with a maturity of less than thirty one calendar days or (ii) the State Treasurer, who shall comply with safekeeping guidelines issued by the Treasury Board or to endowment funds invested in accordance with the provisions of the Uniform Prudent management of Institutional Funds Act, Article 1.1 (§ 55-268.1 et seq.) of Chapter 15 of Title 55.~~

~~(1988, c. 834, § 2.1-329.01; 2001, c. 844; 2008, c. 184.)~~

§ 2.2-4516. Liability of treasurers or public depositors.

~~When investments are made in accordance with this chapter, no treasurer or public depositor shall be liable for any loss there from in the absence of negligence, malfeasance, misfeasance, or nonfeasance on his part or on the part of his assistants or employees.~~
(1979, c. 135, § 2.1-329.1; 2001, c. 844.)

§ 2.2-4517. Contracts on interest rates, currency, cash flow or on other basis.

~~A. Any state entity may enter into any contract or other arrangement that is determined to be necessary or appropriate to place the obligation or investment of the state entity, as represented by bonds or investments, in whole or in part, on the interest rate cash flow or other basis desired by the state entity. Such contract or other arrangement may include contracts providing for payments based on levels of, or changes in, interest rates. These contracts or arrangements may be entered into by the state entity in connection with, or incidental to, entering into, or maintaining any (i) agreement that secures bonds or (ii) investment, or contract providing for investment, otherwise authorized by law. These contracts and arrangements may contain such payment, security, default, remedy, and other terms and conditions as determined by the state entity, after giving due consideration to the creditworthiness of the counterparty or other obligated party, including any rating by a nationally recognized rating agency, and any other criteria as may be appropriate. The determinations referred to in this subsection may be made by the Treasury Board, the governing body of the state entity or any public funds manager with professional investment capabilities duly authorized by the Treasury Board or the governing body of any state entity authorized to issue such obligations to make such determinations.~~

~~As used in this section, "state entity" means the Commonwealth and all agencies,~~

~~authorities, boards and institutions of the Commonwealth.~~

~~B. Any money set aside and pledged to secure payments of bonds or any of the contracts entered into pursuant to this section may be invested in accordance with this chapter and may be pledged to and used to service any of the contracts or other arrangements entered into pursuant to this section.~~

~~(2002, c. 407.)~~

~~**§ 2.2-4518. Investment of funds in certificates of deposit.**~~

~~A. Notwithstanding any provision of law to the contrary, the Commonwealth and all public officers, municipal corporations, other political subdivisions, and all other public bodies of the Commonwealth, each referred to in this section as a "public entity," may invest any or all of the moneys belonging to them or within their control in accordance with the following conditions:~~

- ~~1) The moneys are initially invested through any federally insured bank or savings institution selected by the public entity that is qualified by the Virginia Treasury Board to accept public deposits;~~
- ~~2) The selected bank or savings institution arranges for the deposit of the moneys in certificates of deposit in one or more federally insured banks or savings institutions wherever located, for the account of the public entity;~~
- ~~3) The full amount of principal and any accrued interest of each such certificate of deposit are covered by federal deposit insurance;~~
- ~~4) The selected bank or savings institution acts as custodian for the public entity with respect to such certificates of deposit issued for the public entity's account; and~~
- ~~5) At the same time that the public entity's moneys are deposited and the certificates of deposit are issued, the selected bank or savings institution receives an amount of deposits from customers of other financial institutions wherever located equal to or greater than the amount of moneys invested by the public entity through the selected bank or savings institution.~~

~~B. Moneys arranged to be invested by the selected bank or savings institution in certificates of deposit in one or more federally insured banks or savings institutions wherever located, for the account of the public entity in accordance with the conditions prescribed in subsection A shall not be subject to the provisions of Chapter 44 (§ 2.2-4400 et seq.), § 2.2-4515, or any security or collateral requirements that may otherwise be applicable to the investment or deposit of public moneys by government investors.~~

~~(2008, c. 103.)~~

CHAPTER 46
LOCAL GOVERNMENT INVESTMENT POOL ACT

§ 2.2 4600. Short title; definitions.

This chapter may be cited as the "Local Government Investment Pool Act."
(1980, c. 538, §§ 2.1 234.1, 2.1 234.3; 1996, c. 77; 2001, c. 844.)

§ 2.2 4601. Findings and purpose.

- A. ~~The General Assembly finds that the public interest is served by maximum and prudent investment of public funds so that the need for taxes and other public revenues is decreased commensurately with the earnings on such investments. In selecting among avenues of investment, the highest rate of return, consistent with safety and liquidity, shall be the objective.~~
- B. ~~The purpose of this chapter is to secure the maximum public benefit from the investment of public funds, and, in furtherance of such purposes to:~~
- ~~1) Establish and maintain a continuing statewide policy for the deposit and investment of public funds;~~
 - ~~2) Establish a state-administered pool for the investment of local government funds; and~~
 - ~~3) Authorize treasurers or any other person collecting, disbursing, or otherwise handling public funds to invest such public funds either in accordance with Chapter 45 (§ 2.2 4500 et seq.) of this title or through the local government investment pool created by the chapter.~~
- C. ~~The General Assembly finds that the objectives of this chapter will best be obtained through improved money management, emphasizing the primary requirements of safety and liquidity and recognizing the different investment objectives of operating and permanent funds.~~
- (1980, c. 538, § 2.1 234.2; 2001, c. 844.)

§ 2.2 4602. Local government investment pool created.

- A. ~~A local government investment pool is created, consisting of the aggregate of all funds from local officials handling public funds that are placed in the custody of the State Treasurer for investment and reinvestment as provided in this chapter.~~
- B. ~~The Treasury Board or its designee shall administer the local government investment pool on behalf of the participating local officials subject to regulations and guidelines adopted by the Treasury Board.~~
- C. ~~The Treasury Board or its designee shall invest moneys in the local government investment pool with the degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Specifically, the types of authorized investments for local government investment pool assets shall be limited to those set forth for local officials in Chapter 45 (§ 2.2 4500 et seq.) of this title.~~
- D. ~~A separate account for each participant in the fund shall be kept to record individual transactions and totals of all investments belonging to each participant. A monthly report showing the changes in investments made during the preceding month shall be furnished to each participant having a beneficial interest in the local government investment pool. Details of any investment transaction shall be furnished to any participant upon request.~~
- E. ~~The Treasury Board or its designee shall administer and handle the accounts in the same manner as bond and sinking fund trust accounts.~~
- F. ~~The principal and accrued income, and any part thereof, of each and every account~~

~~maintained for a participant in the local government investment pool shall be subject to payment at any time from the local government investment pool upon request, subject to applicable regulations and guidelines. Accumulated income shall be remitted or credited to each participant at least quarterly.~~

~~G. Except as provided in this section, all instruments of title of all investments of the local government investment pool shall remain in the custody of the State Treasurer. The State Treasurer may deposit with one or more fiscal agents or banks, those instruments of title he considers advisable, to be held in safekeeping by the agents or banks for collection of the principal and interest or other income, or of the proceeds of sale. The State Treasurer shall collect the principal and interest or other income from investments of the investment pool, the instruments of title to which are in his custody, when due and payable.~~

~~(1980, c. 538, § 2.1 234.8; 1984, c. 320; 1988, c. 834; 2001, c. 844.)~~

~~§ 2.2 4603. Investment authority.~~

~~Subject to the procedures set forth in this chapter, any local official handling public funds may invest and reinvest any money subject to his control and jurisdiction in the local government investment pool established by § 2.2 4602.~~

~~(1980, c. 538, § 2.1 234.4; 1988, c. 834; 2001, c. 844.)~~

~~§ 2.2 4604. Interfund pooling for investment purposes.~~

~~Local officials handling public funds may effect temporary transfers among separate funds for the purpose of pooling amounts available for investment. This pooling may be accomplished through interfund advances and other appropriate means consistent with recognized principles of governmental accounting provided that (i) moneys are available for the investment period required; (ii) the investment fund can repay the advance by the time needed; (iii) the transactions are fully and promptly recorded; and (iv) the interest earned is credited to the loaning or advancing jurisdiction.~~

~~(1980, c. 538, § 2.1 234.6; 1981, c. 583; 2001, c. 844.)~~

~~§ 2.2 4605. Powers of Treasury Board relating to the administration of local government investment pool.~~

~~A. The Treasury Board shall have power to:~~

- ~~1) Make and adopt regulations necessary and proper for the efficient administration of the local government investment pool hereinafter created, including but not limited to:
 - ~~a) Specification of minimum amounts that may be deposited in the local government investment pool and minimum periods of time for which deposits shall be retained in such pool;~~
 - ~~b) Creation of a reserve for losses;~~
 - ~~c) Payment of administrative expenses from the earnings of such pool;~~
 - ~~d) Distribution of the earnings in excess of such expenses, or allocation of losses, to the several participants in a manner that equitably reflects the differing amounts of their respective investments and the differing periods of time for which such amounts were in the custody of the pool; and~~
 - ~~e) Procedures for the deposit and withdrawal of funds.~~~~
- ~~2) Develop guidelines for the protection of the local government investment pool in the event of default in the payment of principal or interest or other income of any investment of such pool, such guidelines to include the following procedures:
 - ~~a) Instituting the proper proceedings to collect the matured principal or interest or other income;~~
 - ~~b) Accepting for exchange purposes refunding bonds or other evidences of indebtedness at appropriate interest rates;~~~~

- e) ~~Making compromises, adjustments, or disposition of matured principal or interest or other income as considered advisable for the purpose of protecting the moneys invested;~~
 - d) ~~Making compromises or adjustments as to future payments of principal or interest or other income considered advisable for the purpose of protecting the moneys invested.~~
 - 3) ~~Formulate policies for the investment and reinvestment of funds in the local government investment pool and the acquisition, retention, management, and disposition of investments of the investment pool.~~
- ~~B. The Treasury Board may delegate the administrative aspects of operating under this chapter to the State Treasurer, subject to the regulations and guidelines adopted by the Treasury Board.~~
- ~~C. Such regulations and guidelines may be adopted without complying with the Administrative Process Act (§ 2.2-4000 et seq.) provided that input is solicited from local officials handling public funds. Such input requires only that notice and an opportunity to submit written comments be given.~~
- ~~(1980, c. 538, § 2.1-234.7; 2001, c. 844.)~~

~~§ 2.2-4606. Chapter controlling over inconsistent laws; powers supplemental.~~

~~Insofar as the provisions of this chapter are inconsistent with the provisions of any other law, the provisions of this chapter shall be controlling and the powers conferred by this chapter shall be in addition and supplemental to the powers conferred by any other law.~~

~~(1980, c. 538, § 2.1-234.9; 2001, c. 844.)~~

~~CHAPTER 47
GOVERNMENT NON-ARBITRAGE INVESTMENT ACT~~

~~§ 2.2-4700. Authorization to Treasury Board to provide certain assistance.~~

- ~~A. This chapter shall be known, and may be cited, as the "Government Non-Arbitrage Investment Act."~~
 - ~~B. The General Assembly authorizes the Treasury Board to make available to the Commonwealth, to counties, cities and towns in the Commonwealth, and to their agencies, institutions, and authorities or any combination of the foregoing assistance as provided in this chapter in making and accounting for such investments.~~
- ~~(1988, c. 498, § 2.1-234.9:1; 1990, c. 516; 1991, c. 245; 2001, c. 844.)~~

~~§ 2.2-4701. Definitions.~~

~~As used in this chapter, unless the context requires a different meaning:~~

~~"Bonds" means bonds or other obligations issued by the Commonwealth, by counties, cities and towns, and by their agencies, institutions, and authorities or by any combination of the foregoing under the provisions of the Public Finance Act (§ 15.2-2600 et seq.), or otherwise, the interest on which is intended to be excludable from the gross income of the recipients thereof for federal income tax purposes.~~

~~"Depository institution" means any commercial bank, trust company, or savings institution insured by an agency or instrumentality of the United States government.~~

~~"Issuers" means the Commonwealth, counties, cities and towns in the Commonwealth, and their agencies, institutions, and authorities.~~

~~"Official handling public funds" or "official" means the treasurer of the issuer or, if there is no officer known as treasurer of the issuer, the chief financial officer of the issuer, and any person or entity described in § 58.1-3123.~~

~~(1988, c. 498, § 2.1-234.9:2; 1990, c. 516; 1991, c. 245; 1996, c. 77; 2001, c. 844.)~~

~~§ 2.2-4702. Powers of the Treasury Board under this chapter.~~

The Treasury Board shall have power to:

- ~~1. Provide assistance to issuers in the management of and accounting for their funds, including, without limitation, bond proceeds, reserves and sinking funds, and the investment thereof, any portion of the investment earnings on which is or may be subject to rebate to the federal government.~~
- ~~2. Manage, acquire, hold, trade and sell investment obligations, for and on behalf of issuers or a pool or pools, and not for its own account, that are authorized investments for issuer bond proceeds, reserves, sinking funds or other funds, as the case may be.~~
- ~~3. Establish one or more pools of the issuer bond proceeds, reserves, sinking funds or other funds that are placed in the custody of the State Treasurer for investment and reinvestment in authorized investments.~~
- ~~4. Adopt regulations necessary and proper for the efficient administration of the pools authorized by this chapter without complying with the Administrative Process Act (§ 2.2 4000 et seq.), provided that notice and an opportunity to submit written comments on such regulations be given to officials handling public funds.~~
- ~~5. Formulate policies for the investment and reinvestment of funds under management, including funds in the pool or pools, and the acquisition, retention, management and disposition of investments.~~
- ~~6. Delegate the administration of this chapter to the State Treasurer, subject to the regulations and guidelines adopted by the Treasury Board.~~
- ~~7. Retain employees and engage and enter into contracts with independent investment managers, accountants, counsel, depository institutions and other advisors and agents, as may be necessary or convenient.~~
- ~~8. Enter into contracts with issuers with respect to the performance of investment services.~~
- ~~9. Charge issuers for the costs of its investment services and for its expenses.~~
- ~~10. Do any and all other acts and things necessary, appropriate or incidental in carrying out the purposes of this chapter.~~

~~(1988, c. 498, § 2.1 234.9:3; 1990, c. 516; 2001, c. 844.)~~

~~§ 2.2 4703. Powers of issuers.~~

~~Any provision of any general or special law or of any charter to the contrary notwithstanding, issuers may use the investment services of the Treasury Board and for that purpose may enter into contracts with the Treasury Board and its agents.~~

~~(1988, c. 498, § 2.1 234.9:4; 1990, c. 516; 2001, c. 844.)~~

~~§ 2.2 4704. Alternative method.~~

~~This chapter shall be deemed to provide an additional, alternative method for the performance of actions authorized hereby and shall be regarded as supplemental and additional to powers conferred by other laws and shall not be regarded as in derogation of any powers now existing.~~

~~(1988, c. 498, § 2.1 234.9:5; 2001, c. 844.)~~

~~§ 2.2 4705. Liberal construction; inconsistent laws inapplicable.~~

~~A. This chapter, being necessary for the welfare of the people of the Commonwealth, shall be liberally construed to effect the purposes thereof.~~

~~B. Insofar as the provisions of this chapter are inconsistent with the provisions of any general or special laws or charters, or parts thereof, the provisions of this chapter shall control.~~

~~(1988, c. 498, §§ 2.1 234.9:6, 2.1 234.9:7; 2001, c. 844.)~~

ARTICLE 2

Treasurers

~~§ 58.1-3149. Money received to be deposited.~~—All money received by a treasurer for the account of either the Commonwealth or the treasurer's county or city shall be deposited intact by the treasurer as promptly as practical after its receipt in a bank or savings institution authorized to act as depository therefore. All deposits made pursuant to this provision shall be made in the name of the treasurer's county or city. The treasurer may designate any bank or savings and loan association authorized to act as a depository to receive any payments due to the county or city directly, either through a processing facility or through a branch office. ((Code 1950, § 58-939; 1975, c. 20.; 1984, c. 675; 1996, c. 77.) **The 1996 amendment** substituted "savings institution" for "savings and loan association" near the end of the first sentence.

~~§ 58.1-3150. Duties of depository officers.~~—No treasurer or executive officer of any depository shall permit any public deposit to remain in any depository which is not a "qualified public depository" as defined in §2.1-360 (b) and which is not secured pursuant to the Virginia Security for Public Deposits Act (§2.1-359 et seq.). (Code 1950, § 58-948; 1984, c. 675; 1996, cc. 364, 390.)

The 1996 amendments.—The 1996 amendments by cc. 364 and 390 are identical, and rewrote the section which formerly read; "No treasurer or executive officer of any depository shall permit the amount of money on deposit with any depository at any time pursuant to the provisions of this article to exceed the amount of bond given or the value of the securities pledged and deposited to secure such money, plus the amount insured by the Federal Insurance Deposit Corporation."

~~§ 58.1-3151. County finance board.~~—Each county of the Commonwealth may establish a county finance board, which shall consist of the chairman of the governing body of the county, the treasurer of the county and a citizen of the county of proven integrity and business ability. The citizen member shall be appointed by the circuit court of the county. However, in any county adjoining any county having a population of more than 500 per square mile the county finance board shall consist of the chairman of the governing body, the treasurer, the attorney for the Commonwealth and a citizen of the county of proven integrity and business ability. The citizen member thereof shall be appointed by the circuit court of the county or by the judge thereof in vacation. The term of the citizen member shall be four years, but the circuit court of the county may remove for cause any such member and appoint some other qualified citizen of the county in his stead for the unexpired portion of his term.

The governing body of any county which has a county finance board established under the provisions of this section may by ordinance duly adopted abolish the finance board, whereupon all authority, powers, and duties of the finance board shall vest in the governing body. (Code 1950, § 58-940; 1954, c. 587; 1984, c. 675.)

~~§ 58.1-3152. Organization and procedure of board.~~—The chairman of the governing body of the county shall be the chairman of the county finance board and the clerk of the governing body shall be ex officio clerk thereof. The board shall meet at such times and at such places as the chairman or a majority of the members of the board may decide. The clerk shall record the activities and proceedings of such board in a suitable record book which shall be provided for such purpose by the governing body. (Code 1950, § 58-941; 1984, c. 675.)

~~§ 58.1-3153. Compensation for the citizen member of the county finance board.~~—The citizen member of the county finance board may in the discretion of the governing body of

the county receive for each day's attendance as a member of the board a sum not less than twenty dollars and such reimbursement for his daily mileage as prescribed in §14.1-5. The allowance made under this section shall be paid by the governing body out of county funds, on a certificate of attendance from the chairman of the county finance board, verified by the written statement of the citizen member as to mileage traveled in going to and returning from the meeting. The total compensation paid under this section shall not exceed \$360, in addition to the mileage allowance, in any one year. (Code 1950, § 58-942; 1952, c. 630; 1974, c. 6; 1976, c. 308; 1984, c. 675.)

~~§ 58.1-3154. Selection and approval of depositories.~~—The depository or depositories for the money received by a county treasurer shall be selected pursuant to the provisions of the Virginia Security for Public Deposits Act (§2.1-359 et seq.). (Code 1950, § 58-943; 1984, c. 675.)

~~§ 58.1-3155. Deposit of local funds in banking institutions outside of the Commonwealth to meet obligations payable outside of the Commonwealth.~~—Notwithstanding other provisions of this article the treasurer of any county, city or town may if the State Commission on Local Debt gives prior approval, deposit local funds in banking institutions outside of the Commonwealth. Such institutions, which shall be designated by the commission, shall give such security as the commission deems proper and shall meet such other conditions as the commission prescribes. All such deposits shall be limited to the sums reasonable necessary to pay principal or interest on obligations of the county, city or town which are payable at some place outside the commonwealth and where any such banking institution is located. (Code 1950, § 58-943.1; 1950, p.410; 1984, c. 675.)

~~§ 58.1-3156. County finance boards may direct treasurer to invest under certain circumstances.~~—Notwithstanding other provisions of this article, whenever the county finance board determines that county or district funds would otherwise draw no interest or draw a lesser rate of interest, the finance board may direct the county treasurer to invest such funds in accordance with guidelines issued by the State Treasurer. (Code 1950, § 58-943.2; 1954, c. 498; 1974, c. 224; 1984, c. 675; 1988, c. 834.)

~~§ 58.1-3158. Duties of treasurers.~~—No treasurer shall permit any public deposit to be deposited with any depository unless it is a "qualified public depository" as defined in § 2.1-360(b). All such deposits shall be secured pursuant to the Virginia Security for Public Deposits Act (§2.1-359 et seq.). (Code 1950, § 58-944; 1956, c. 84; 1958, c. 442; 1966, c. 498; 1984, c. 675; 1996, cc. 364, 390.)

The 1996 amendments by cc. 364 and 390 are identical, and rewrote the section, which formerly read: "No money received by a treasurer shall be deposited with any depository until such depository has given bond with the same conditions as those required for bonds given by state depositories who elect to give bond to protect money deposited with them by the State Treasurer pursuant to the provisions of §§ 2.1-211 to 2.1-214 or until such depository has qualified under § 2.1-239 et seq."

~~§ 58.1-3160. Monthly report of treasurer to board.~~—At the end of each month each county treasurer shall report to the county finance board the amount of money on deposit with each depository. (Code 1950, § 58-949; 1984, c. 675.)

~~§ 58.1-3161. Interest on deposits.~~—Each depository of each county shall, in the discretion of the county finance board, pay interest on money deposited under the provisions of this article. The rate of such interest shall be agreed upon by the treasurer and the depository subject to the approval of the county finance board if it so desires. (Code 1950, § 58-950;

~~1984, c. 675.)~~

Broker/Dealer Investment Policy Confirmation
The Investment Policy for the Northern Virginia Transportation Authority
(Effective December 11, 2014)

Name of Firm/Bank/Broker/Dealer:

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

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

Printed Name: _____

Signature: _____

Title: _____

Date: _____

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**MEMORANDUM**

FOR: Chairman Parrish and Members of the NVTA Finance Committee
FROM: Michael Longhi, Chief Financial Officer
DATE: September 11, 2020
SUBJECT: Policy Number 2 – Conflict of Interest

- 1. Purpose:** To seek Northern Virginia Transportation Authority (NVTA) Finance Committee recommendation of Authority adoption of proposed replacement of Policy Number 2 – Conflict of Interest.
- 2. Suggested Motion:** *I move the Finance Committee recommend Authority, approval of the attached proposed replacement of Policy Number 2 - Conflict of Interest.*
- 3. Background:**
 - a. The current conflict of Interest Policy was adopted on December 5, 2014 and has not been revised since.
 - b. The proposed changes to the policy have five purposes:
 - i. Make the Statement of Economic Interest (Statement) reporting cycle once a year instead of twice.
 - ii. Update procedural wording for Statement filing and staff recusal in the event of a real or apparent conflict of interest.
 - iii. Update procedural wording for Statement filing by the Executive Director and Chief Financial Officer.
 - iv. Implement a procedure to identify which additional Authority staff are required to file an annual Statement.
 - v. Correct/Update references to the Code of Virginia.
 - c. The current policy underwent numerous revisions while under review with NVTA's Council of Counsels and staff resulting in the track change version becoming illegible. Therefore, in the interest of clarity, the current Policy is proposed to be repealed and replaced with the attached draft.
 - d. With the Finance Committee recommendation, the proposed replacement policy will be presented for consideration at the Authority's October 2020 meeting.

Coordination:

Council of Counsels

Attachments

1. Current Policy 2- Conflict of Interest
2. Draft Policy 2 – Conflict of Interest

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

Policy Number 2 -- Conflict of Interest

- I. **Purpose.** The purpose of this policy is to ensure that the Northern Virginia Transportation Authority (NVTa) employees participate in the Authority's business in a manner free from any conflicts of interest or the appearance of a conflict of interest.
- II. **General.** All staff shall comply with the State and Local Government Conflict of Interests Act and this policy. Consistent with the intent of the *Code of Virginia* §2.2-3114 and 2.2-3115, staff in positions that may influence financial decisions of the Authority shall file a "Statement of Economic Interests" by December 15th and June 15th of each year as required by law with the Clerk to NVTa and the Virginia Conflict of Interest and Ethics Advisory Council. The NVTa recognizes elected officials are required to biannually file their Statement of Economic Interests through their locality.
- III. **Procedures.**
 - A. **Recusal.** In the event that a staff member is conflicted (consistent with the parameters provided in his/her "Statement of Economic Interests") or would have the appearance of potentially being conflicted, the staff member shall recuse him/herself from any discussion or deliberation of the relevant item. The record of the relevant meeting shall reflect such recusal.
 - B. **Process.** In December and June of each year, the Executive Director shall remind relevant staff of the biannual requirement. Statements will be provided to the Executive Director by December 15th and June 15th of each year. The Executive Director will inform the chair of the Authority that he/she has completed and filed his/her statement. Statements shall be filed with the State and a copy will be retained in an appropriate file by the Executive Director.
 - C. **Designated Staff.** Staff members with responsibility for financial advice, transactions or project selection shall be required to file a statement as specified by the Executive Director. As a minimum, this will include the Executive Director, Chief Financial Officer, Assistant Finance Officer and Program Coordinators.

Approved by the Finance Committee: December 5, 2014

Approved by Northern Virginia Transportation Authority: December 11, 2014

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

Policy Number 2 - Conflict of Interest

- I. Purpose.** The purpose of this policy is to ensure that the Northern Virginia Transportation Authority (NVTA) employees participate in the Authority's business in a manner free from any conflicts of interest or the appearance of a conflict of interest in accord with the Code of Virginia, Chapter 31. State and Local Government Conflict of Interests Act (the ACT).
- II. General.**
- A.** All NVTA staff shall comply with the ACT, this policy and the relevant sections of the NVTA Employee Handbook.
 - B.** All NVTA staff will read and familiarize themselves with the ACT and the Employee Handbook.
 - C.** Consistent with the intent of the ACT, staff as designated in their position descriptions shall file an annual "Statement of Economic Interests" by January 15th of each year with the NVTA Chief Financial Officer (CFO). The "Statement of Economic Interests" will be on the form created by the Virginia Conflict of Interest and Ethics Advisory Council in accordance with Va. Code § 2.2-3117.
 - D.** The Executive Director and CFO will also file a Statement of Economic Interest (Statement) by January 15th of each year. The Statements will be filed and retained in accord with III. B. iv below.
 - E.** Elected and appointed Authority Members will make filings and disclosures as required by law.
- III. Procedures.**
- A. Recusal.**
- i.** In the event that a staff member is conflicted or would have the appearance of conflict with the parameters provided in 2.2-3103, 2.2-3109, 2.2-3112 or any other aspect of the ACT, the staff member shall act in accordance with the ACT, which includes the potential to recuse him/herself from any discussion or deliberation of the relevant item. If such recusal is necessary, the staff member must inform the CFO of the recusal and reason.
 - ii.** If the CFO needs to make a recusal, he/she will do so through informing the Executive Director.
 - iii.** If the Executive Director needs to make a recusal, he/she shall do so by informing the Authority Chair and CFO.
 - iv.** A record of any recusals shall be kept by the CFO noting the dates, meetings and reason for the recusal.
 - v.** A permanent log of recusals will be maintained by the Clerk to the Board.

B. Process.

- i.** In December of each year, the CFO shall remind relevant staff of the annual requirement to file a Statement of Economic Interest (Statement) and provide the current Statement form.
- ii.** Completed Statements will be submitted to the CFO by January 15th of each year.
- iii.** The Executive Director will inform the Authority Chair when he/she and the CFO have completed and filed their Statements and copy of this notice will be attached to the relevant Statements.
- iv.** Statements shall be retained and available for inspection for a period of five years from the date of receipt.

IV. Designated Positions. Staff members with senior decision-making responsibility for financial transactions or project selection shall be required to file a Statement as specified by the Executive Director and noted on the individual position descriptions. As a minimum, this will include the Executive Director and Chief Financial Officer.

V. Implementation. The 2020 revisions to this Policy will be effective immediately, with the first reporting cycle starting on January 15, 2021.

Approved by the Finance Committee: December 5, 2014

Approved by Northern Virginia Transportation Authority: December 11, 2014

Policy Repeal and Replace Approved by the Finance Committee: DRAFT 2020

Policy Repeal and Replace Approved by the NVTa: DRAFT 2020

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chairman Parrish and Members of the NVTA Finance Committee
FROM: Michael Longhi, Chief Financial Officer
DATE: September 11, 2020
SUBJECT: Legislative Services Contract

- 1. Purpose:** To seek Northern Virginia Transportation Authority (NVTA) Finance Committee recommendation of Authority approval of proposed Legislative Service Contract with McGuireWoods Consulting, LLC.
- 2. Suggested Motion:** *I move the Finance Committee recommend Authority approval of the proposed Legislative Service Agreement with McGuireWoods Consulting LLC.*
- 3. Background:**
 - a. A Request for Proposals (RFP) was issued on July 22, 2020, with proposals due on August 21, 2020.
 - b. Notice of this open procurement was placed on the NVTA website and with the Commonwealth's eVA procurement notice system.
 - c. One firm submitted responsive and responsible Technical and Price proposals eligible for consideration by the RFP evaluation team.
 - d. The RFP evaluation team consisted of:
 - i. NVTA - Executive Director
 - ii. NVTA – Chief Financial Officer
 - iii. Loudoun County - Legislative Liaison
 - iv. Arlington County - Legislative Director
 - v. Fairfax County - Department of Transportation, Chief – Coordination Section
 - e. The MWC proposal received an overall score of 77.9 out of 80 by the RFP evaluation team. The proposal confirms Ms. Tracy Baynard will remain the lead MWC Associate working with the Authority.
 - f. Since only one proposal was submitted, NVTA staff conducted a required price/cost analysis. This analysis and negotiation with MWC resulted in validation of the \$75,000/year base, filing fees and an agreed reduction in the annual fee increase from 3% to 2.25%
 - g. With the Finance Committee approval, the contract with McGuireWoods Consulting LLC will be submitted for Authority consideration at the October 2020 meeting.



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

DRAFT, 2020

Ms. Tracy M. Baynard, Senior Vice President
McGuireWoods Consulting LLC
1750 Tysons Boulevard, Suite 1800
Tysons VA 22102

Dear Ms. Baynard:

The Northern Virginia Transportation Authority (NVTA) has acted to authorize the award of a contract to McGuireWoods Consulting LLC (MWC) to perform the work requested in NVTA RFP No. 2021-02 and described in your Technical Proposal and separate Price Proposal dated August 20, 2020.

The following clarifications and modifications apply:

1. Clarification: NVTA is not expecting to use Federal funding to support the services provided by MWC and recognizes that MWC is not acting as a federal contractor or subcontractor in providing the services requested.
2. Clarification: In the event Federal funds were to be used to support, or Federal representation requested, NVTA and MWC will negotiate a separate task order under this contract to implement any required service changes prior to the use of Federal funds.
3. Modification: The MWC Price Proposal dated August 20, 2020, page 2, first paragraph; the annual fee increase is modified from 3% to 2.25%, to be implemented on each contract anniversary date.

This letter, together with NVTA RFP 2021-02 and the McGuireWoods Consulting LLC Technical Proposal and Price Proposal dated August 20, 2020, provides the agreement to conduct the services under the specified terms and conditions. This letter also constitutes your notice to proceed unless advised otherwise in writing by NVTA on or prior to October 22, 2020.

If you concur please sign both originals and return one copy to Michael Longhi, NVTA CFO. Please contact Mr. Longhi at (703) 642-4653 with any questions.

Sincerely,

Monica Backmon
NVTA Executive Director

Tracy M. Baynard
MWC Senior Vice President

Date

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chairman Parrish and Members of the NVTA Finance Committee
FROM: Michael Longhi, Chief Financial Officer
DATE: September 11, 2020
SUBJECT: Policy 29 Exception Report

1. **Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) Finance Committee a report of Policy 29 exceptions.
2. **Background:**
 - a. Policy 29 – Project Activation, Monitoring and De-Appropriation was adopted by the Authority in April 2019.
 - b. The Policy sets expectations for documented project progress, flexibility in assessing project challenges and a mechanism for de-appropriation and potential cancellation.
 - c. At the beginning of September, there were 65 active Standard Project Amendments (SPAs) and 35 awaiting activation. Forty-two SPAs have been completed.
 - d. This report cycle started with:
 - i. Exception notices were delivered on 17 projects. Of those 17 projects 10 were able to document and demonstrate progress and a path forward resulting in inclusion in this report being unnecessary. If a project had been reported previously, and is still in an exception status, the likelihood of inclusion in this report increased.
 - ii. Warning notices were delivered on an additional 17 projects. The warnings notices are a courtesy provided to project sponsors that they have a project which is at risk of being on the next exception report. Of these 17 projects 13 will need to make substantive project expense drawdowns in October 2020, in order to remove the exception risk. These 13 projects all received FY2020 appropriations. A total of 14 projects received FY2020 appropriations.
 - iii. Project sponsors with exceptions or warnings were offered an opportunity to request de-appropriation of funding to a future fiscal to avoid the policy exception.
3. **Report Summary:** Seven projects are included in the attached detailed table. Five projects were previously reported.

- a. Town of Herndon**
 - i.** The Town previously had three projects in exception status. Two projects are showing progress consistent with previously reported plans.
 - ii.** The East Elden Street project has fallen short of previous project timing objectives. The Town and VDOT report expenditures started in June. As this report was being prepared VDOT requested and NVTA concurred with allowing expenditure reimbursements to be processed while the Town and VDOT work on SPA Appendix A and B updates.
- b. Town of Leesburg**
 - i.** The Leesburg Rt. 7 Battlefield Interchange Project is reported for the first time. Reimbursements were delayed while agreements between the Town and VDOT were finalized. However, it is important to note VDOT progressed the project during this time using its own cash flow.
- c. County of Fairfax**
 - i.** Previously Fairfax County had 12 projects with policy exceptions. Five projects (1 new, 4 repeats) are listed in the attached table, which includes projects sponsor statements on each project.

Jurisdiction/Project	Funding	Policy Trigger	Sponsor Statement	Repeat Listing	Action
Herndon East Elden Str	2015/16 program \$10.4M	No reimbursements	<p>The project did not incur significant expenditures until June 2020. Invoicing had been put on hold until the expenditures more closely reflected the executed Appendix A payout schedule amount. VDOT has requested an exception on the first invoice to generate based on approximate expenditures vs. the payout schedule and we are actively working to generate the invoice. At this time, we anticipate generating an invoice by October 1st for \$2.5M, with over \$1M in expenses having been incurred after June 1, 2020.</p>	Yes	<p>Continue to Monitor. NVTA approved invoice processing exception to expedite reimbursements while waiting for Appendix A/B updates.</p> <p>Reimbursement request received and under review.</p>
Leesburg – Rt 7 Battlefield Interchange	2017 program \$20M	No reimbursements	<p>This is a VDOT-Administered design-build project and is proceeding forward with construction. Project completion is scheduled for November 2021.</p> <p>However, there were delays with VDOT’s development of a revised VDOT/Town agreement (appendices A & B) authorizing VDOT to draw-down the NVTA 2017 (\$20M) and 2020 (\$25M) program funds appropriated to the Town for the project. <u>During this interim time, VDOT financed project costs by use of other funds.</u></p> <p>On July 30, 2020, the Town and VDOT authorized a revised VDOT/Town agreement.</p>	No	Monitor

Jurisdiction/Project	Funding	Policy Trigger	Sponsor Statement	Repeat Listing	Action
Fairfax County - RT 286 FC Parkway Improvements	2015/16 program \$10M	40% reimbursed but no activity since June 2017	VDOT has received approximately \$4 million from NVTA in FY15-16 funds, 40% draw down. Based on discussions with all parties, VDOT had not incurred \$4 million in expenses, so future drawdowns were suspended until VDOT had the expenses to justify further reimbursement.	No	Need additional information to explain lack of reimbursement activity over three years. Latest project update notes PE phase now delayed to fall 2023, ROW phase delayed to spring 2025. January 2020 Revised Appendix B showed funds would be expended in 2022 for PE. Original projection was August 2016.
Fairfax County - RT 286 FC Parkway Improvements	2017 program \$10M	No reimbursements	Expenses against the balance of FY15-16, FY17, and FY18-23 NVTA funds is expected to ramp up with the project expected start of RW phase.	Yes	Delays in utilizing earlier funding are impacting the use of 2017 Program funding.
Fairfax County - RT 28 Widening PWC to Rt29	2017 program \$5M	No reimbursements	The County is working on drawing down all FY15-16 funds before utilizing newer funds. Further, this project has several sources of funding, some with their own set of draw down requirements.	Yes	Need additional information to explain lack of activity.
Fairfax County - Innovation Metro	2014 program \$41M	92% reimbursed, but no activity since December 2017	A significant amount of requested funding in FY14, and FY15-16 has been expended and reimbursed. Target completion date of Silver Line Phase II, which includes the Innovation Station, is currently slated for late 2020/early 2021. Remaining billings and reimbursements will occur as project approaches financial reconciliation.	Yes	NVTA is not funding the entire cost of this facility. Recommended that the County finalized the use of these funds prior to Silver Line project close.
Fairfax County - Innovation Metro	2015/16 program \$28M	99.42% reimbursed, but no activity since June 2018	Same reply as above	Yes	As noted previously NVTA is not funding the entire cost of this facility. Recommended that the County finalized the use of these funds prior to Silver Line project close.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chairman Parrish and Members of the NVTA Finance Committee
FROM: Michael Longhi, Chief Financial Officer
DATE: September 11, 2020
SUBJECT: Finance Activity Report

1. Purpose: To provide the Northern Virginia Transportation Authority (NVTA) Finance Committee a report of ongoing Finance Team activities.

2. Activity Summary:

- a. Reimbursement Parameter Study: Significant dialog has continued over the summer. Regional staff have asked for a workshop which is being planned and scheduled. Some consensus appears to be building, with the major dividing point being between jurisdictions and agencies that receive little or no 'General Fund' support for overhead and those that do.
- b. Annual Independent Audit: The audit is progressing on time, overcoming the challenges of a year when 8.5 months of transactions were not fully digital and the final 2.5 months of the fiscal year were effectively 100% digital. The audit is being completed 100% virtually/digitally.

Since 2014, the Authority's Continuity of Operations Plan (COOP) has been based on the use of cloud servers, outsourced IT support and powerful laptops and cell phones. COOP plans usually only support short term interruptions. The NVTA staff have been utilizing and increasing digital operations since mid-March with no technology-based productivity losses (or any other).

- c. Economic Analysis RFP: NVTA staff are reviewing four proposals for the next economic analysis. A recommendation to the Finance Committee is anticipated for October.
- d. Local Distribution and Regional Revenue Fund Policy Revisions: Policy revisions reflecting changes to the two revenue streams from the 2020 General Assembly Session have been drafted. The drafts will be presented to the Finance Committee at the first meeting after the conclusion of the current Special Session.
- e. Revenue Project Funding Summary: The annual preparation of audited financial statements results in numerous financial disclosures and statements which are largely only used by bond holders, rating agencies and financial professionals.

In looking at the required statements, the NVTA Finance Team sought ways to take extracts from that effort and present the numbers which more easily quantify the financial benefit of the use of NVTA funding to the region. To this end, below is a table which shows Local Distribution (30%) and Regional Revenue funding received/committed by jurisdiction to date. Also attached is a table (which has been incorporated into the audited statements) which shows all Regional Revenue Fund commitments made by the Authority.

NVTA FY 2014 - 2025 Funding Recap			
Jurisdiction	Local Distribution (30%)* FY2014/20	Regional Revenue (70%) Approved Project Funds FY2014 - FY2025	Total Local Dist. and Regional Revenue Funding FY2014 - FY2025
City of Alexandria	\$ 43,188,512	\$ 177,141,152	\$ 220,329,664
Arlington County	\$ 73,882,071	\$ 170,836,000	\$ 244,718,071
City of Falls Church	\$ 5,799,786	\$ 35,175,187	\$ 40,974,973
City of Fairfax	\$ 15,851,239	\$ 73,690,000	\$ 89,541,239
City of Manassas	\$ 11,368,588	\$ 3,294,000	\$ 14,662,588
City of Manassas Park	\$ 3,083,512	\$ -	\$ 3,083,512
Fairfax County (w/Towns)	\$ 268,219,999	\$ 932,003,632	\$ 1,200,223,631
Herndon	\$ 6,052,830	\$ 12,500,000	\$ 18,552,830
Vienna	\$ 4,196,999	\$ 2,300,000	\$ 6,496,999
Fairfax Cty (w/out Towns)	\$ 257,970,170	\$ 917,203,632	\$ 1,175,173,802
Loudoun County (w/Towns)	\$ 111,981,054	\$ 513,687,000	\$ 625,668,054
Leesburg	\$ 12,989,347	\$ 67,400,000	\$ 80,389,347
Purcellville	\$ 2,656,248	\$ -	\$ 2,656,248
Loudoun (w/out Towns)	\$ 96,335,459	\$ 446,287,000	\$ 542,622,459
Prince William Cty (w/Town)	\$ 86,654,449	\$ 481,860,000	\$ 568,514,449
Dumfries	\$ 1,065,600	\$ 129,760,000	\$ 130,825,600
Prince William Cty (w/out Town)	\$ 85,588,849	\$ 352,100,000	\$ 437,688,849
Total Jurisdiction Funding	\$ 620,029,209	\$ 2,387,686,971	\$ 3,007,716,179
Summary Totals		Other Funding Recipients***	
Local Dist. (30%) Total FY2014/20	\$ 620,029,209	NVTC	\$ 838,000
Regional Revenue Funding	\$ 2,514,386,428	VRE	\$ 63,400,000
All Funding	\$ 3,134,415,636	PRTC	\$ 17,080,000
		WMATA**	\$ 22,422,636
		DRPT	\$ 22,958,821
		Total	\$ 126,699,457

Notes:

* Gross funds disbursed on a cash basis FY2014 to FY2020

** WMATA has benefitted through \$174 Million in funding when jurisdiction projects are included.

*** NVRPA project funding is included with Arlington and Falls Church totals

Attachment: NVTA Total Appropriated & Approved Funds

Attachment

**NVTA - Total Appropriated Funds, Amount Paid and Remaining Restricted Funds
as of FYE June 30 2020**

Project Sponsor	Appropriation Fiscal Year	Standard Project Agreement Title	Approved Funding	Reimbursements Drawn as of 6/30/2020	Remaining Appropriation at 6/30/2020	Percentage of Draw Down By Project	Percent Not Draw By Sponsor (Excluding Non Appropriated Projects & FY21)
Arlington County	2014	Silver/Blue Line Mitigation (Four New Buses)	\$ 1,000,000	\$ 797,696	\$ -	100.0%	
Arlington County	2014	Crystal City Multimodal Center	1,500,000	1,326,173	-	100.0%	
Arlington County	2014	Boundary Channel Drive Interchange	4,335,000	2,196,516	2,138,484	50.7%	
Arlington County	2014	Columbia Pike Multimodal St Improvements West End FR FFX County line to Four Mile Run	12,000,000	12,000,000	-	100.0%	
Arlington County	2015	Glebe Road Corridor Intelligent Transportation System (ITS) Improvements	2,000,000	622,297	1,377,703	31.1%	
Arlington County	2015	Columbia Pike Multimodal St Improvements East End	10,000,000	1,000,000	9,000,000	10.0%	
Arlington County	2015	Ballston Metrorail Station West Entrance	12,000,000	37,643	11,962,357	0.3%	
Arlington County	2017	Lee Highway Corridor Intelligent Transportation System Enhancements	3,000,000	255,338	2,744,662	8.5%	
Arlington County	2017	Crystal City Streets:12th St Transitway, Clark/Bell Realignment, & Intersection Improvements	11,600,000	1,982,416	9,617,584	17.1%	
Arlington County	2019	Intelligent Transportation System Improvements	10,000,000	306,352	9,693,648	3.1%	
Arlington County	2019	ART Operations and Maintenance Facilities	39,027,000	-	39,027,000	0.00%	
Arlington County	2020	Crystal City Metrorail Station East Entrance and Intermodal Connections	5,000,000	-	5,000,000	0.00%	
Arlington County	2020	Pentagon City Multimodal Connections and Transitway Extension	28,850,000	-	28,850,000	0.00%	
Arlington County	2024/25	Rosslyn Multimodal Network Improvements	11,874,000	-	11,874,000	NA	
Arlington County	2024/25	CC2DCA Intermodal Connector: From Crystal City to Ronald Reagan Washington	18,000,000	-	18,000,000	NA	
TOTAL Arlington			170,186,000		149,285,438		85.1%
Fairfax County	2014	Innovation Center Metrorail Station	41,000,000	37,738,402	3,261,598	92.0%	
Fairfax County	2015	Route 1 Widening - Mount Vernon Memorial Highway to Napper Road	1,000,000	1,000,000	-	100.0%	
Fairfax County	2015	Frontier Drive Extension & Interchange Improvements	2,000,000	2,000,000	-	100.0%	
Fairfax County	2015	Route 28 Widening - Prince William County Line to Route 29	5,000,000	3,125,000	1,875,000	62.5%	
Fairfax County	2015	Rolling Road Widening-Old Keene Mill Rd to Franconia Springfield Parkway	5,000,000	3,839,379	1,160,621	76.8%	
Fairfax County	2015	Connector Bus Service Expansion - Purchase 12 New Buses	6,000,000	5,922,262	-	100.0%	
Fairfax County	2015	Fairfax County Parkway Widening - Route 123 to Route 29	10,000,000	4,000,000	6,000,000	40.0%	
Fairfax County	2015	West Ox Bus Garage Phase II	20,000,000	11,710,280	-	100.0%	
Fairfax County	2015	Innovation Center Metrorail Station	28,000,000	27,837,813	162,187	99.4%	
Fairfax County	2017	Route 28 Widening - Prince William County Line to Route 29	5,000,000	-	5,000,000	0.0%	
Fairfax County	2017	Fairfax County Parkway Widening - Route 123 to Route 29	10,000,000	-	10,000,000	0.0%	
Fairfax County	2017	Route 7 Widening - Colvin Forest Drive to Jarrett Valley Drive	10,000,000	-	10,000,000	0.0%	
Fairfax County	2017	I-66/Route 28 Interchange Improvements - \$300,000,000	Withdrawn	-	-	WD	
Fairfax County	2019	Richmond Hwy Bus Rapid Transit Phase I & II	250,000,000	6,184,613	243,815,387	2.5%	
Fairfax County	2020	Rolling Road Widening - Hunter Village Drive to Old Keene Mill Road	11,111,000	-	11,111,000	0.00%	
Fairfax County	2020	Frontier Drive Extension and Intersection Improvements	25,000,000	-	25,000,000	0.00%	
Fairfax County	2020	Route 1 Widening Mount Vernon Memorial Highway to Napper Road	127,000,000	-	127,000,000	0.00%	
Fairfax County	2021	Route 28 Widening: Route 29 to Prince William County Line	16,000,000	-	16,000,000	NA	
Fairfax County	2021	Fairfax County Parkway Widening from Ox Road to Lee Highway w/separated interchange at Popes Hi	67,000,000	-	67,000,000	NA	
Fairfax County	2022	Richmond Highway (Route 1)/CSX Underpass Widening	12,000,000	-	12,000,000	NA	
Fairfax County	2023	Rock Hill Road Bridge	20,604,670	-	20,604,670	NA	
Fairfax County	2024/25	Fairfax County Parkway Widening: Lee Highway (Route 29) to Nomes Court	37,400,000	-	37,400,000	NA	
Fairfax County	2024/25	Rolling Road Widening from Hunter Village Drive to Old Keene Mill Road	27,700,000	-	27,700,000	NA	
Fairfax County	2024/25	Richmond Highway Widening From Route 235 North to Route 235 South	120,387,962	-	120,387,962	NA	
Fairfax County	2024/25	Soapstone Drive Extension: Sunset Hills Road to Sunrise Valley Drive	15,000,000	-	15,000,000	NA	
Total Fairfax			872,203,632		760,478,424		79.9%
Loudoun County	2014	Transit Buses Two	880,000	880,000	-	100.0%	
Loudoun County	2014	Leesburg Park and Ride	1,000,000	1,000,000	-	100.0%	
Loudoun County	2014	Belmont Ridge Road - North of Dulles Greenway	20,000,000	20,000,000	-	100.0%	
Loudoun County	2015	Transit Buses Four	1,860,000	1,860,000	-	100.0%	
Loudoun County	2015	Belmont Ridge Road Widening - Turo Parish Road to Croson Ln	19,500,000	2,062,031	17,437,969	10.6%	
Loudoun County	2015	Loudoun County Parkway - Route 50 to Creighton Road	31,000,000	11,945,839	19,054,161	38.5%	
Loudoun County	2019	Route 9 Traffic Calming/Hillsboro	12,112,000	6,805,159	5,306,841	56.2%	
Loudoun County	2019	Evergreen Mills Road Intersection Realignment - Watson Road and Reservoir Road	14,000,000	344,297	13,655,703	2.5%	
Loudoun County	2019	Dulles West Boulevard Widening: Loudoun County Parkway to Northstar Boulevard	47,800,000	-	47,800,000	0.00%	
Loudoun County	2020	Extend Shellhorn Road: Loudoun County Parkway (Route 607) to Randolph Drive (Route 1072)	16,000,000	-	16,000,000	0.00%	
Loudoun County	2020	Northstar Boulevard - Shreveport Drive to Tall Cedars Parkway	64,805,000	-	64,805,000	0.00%	
Loudoun County	2020	Prentice Drive Extension: Lockridge Road (Route 789) to Shellhorn Road (Route 643)	76,230,000	-	76,230,000	0.00%	
Loudoun County	2023	Route 15 Bypass Widening: Battlefield Parkway to Montresor Road	54,000,000	-	54,000,000	NA	
Loudoun County	2024/25	Construct Crosstrail Boulevard (Route 653): Sycolin Road to Dulles Greenway	36,700,000	-	36,700,000	NA	
Loudoun County	2024/25	Evergreen Mills Road Widening from Northstar Boulevard to Stone Springs Boulevard	18,000,000	-	18,000,000	NA	
Total Loudoun			413,887,000		368,989,674		85.3%
Prince William County	2014	Route 1 Widening - Featherstone Road to Mary's Way	3,000,000	3,000,000	-	100.0%	
Prince William County	2014	Route 28 - Linton Hall Road to Fitzwater Drive	28,000,000	28,000,000	-	100.0%	
Prince William County	2015	Route 28 Congestion Study - Godwin Drive Extension Alternative	2,500,000	1,689,671	810,329	67.6%	
Prince William County	2015	Route 28 Widening -Route 234 Bypass to Linton Hall Road	16,700,000	11,258,418	5,441,582	67.4%	
Prince William County	2015	Route 1 Widening -Featherstone Road to Mary's Way	49,400,000	38,971,053	10,428,947	78.9%	
Prince William County	2017	Route 28 Widening - Route 234 Bypass to Linton Hall Road	10,000,000	-	10,000,000	0.0%	
Prince William County	2017	Route 1 Widening - Featherstone Road to Mary's Way	11,000,000	3,987,275	7,012,725	36.2%	
Prince William County	2019	Summit School Rd Extension and Telegraph Rd Widening	11,000,000	226,072	10,773,928	2.1%	
Prince William County	2019	Route 28 corridor improvements (Fitzwater Dr to Pennsylvania Ave)	15,000,000	3,632,340	11,367,660	24.2%	
Prince William County	2019	Construct Interchange at Prince William Parkway and University Boulevard	24,200,000	1,125,746	23,074,254	4.7%	
Prince William County	2019	Construct Interchange at Route 234 and Brentsville Road	54,900,000	-	54,900,000	0.00%	
Prince William County	2020	Route 28 Corridor Feasibility Study-Environmental Impact Statement(Manassas to FFX Cnty)	3,500,000	-	3,500,000	0.00%	
Prince William County	2023	Construct Interchange at Prince William Parkway and Clover Hill Road	1,900,000	-	1,900,000	NA	
Prince William County	2021	Construct Route 28 Corridor Roadway Improvements (pending de-appropriation)	89,000,000	-	89,000,000	NA	
Prince William County	2024/25	North Woodbridge Mobility Improvements	8,000,000	-	8,000,000	NA	
Prince William County	2024/25	Summit School Road Extension and Telegraph Road Widening	24,000,000	-	24,000,000	NA	
Total PWC			352,100,000		260,209,426		59.9%
Town of Dumfries	2015	Route 1 (Fralely Blvd) Widening Brady's Hill Rd to Dumfries Rd	6,900,000	2,096,423	4,803,577	30.4%	
Town of Dumfries	2023	Widen Route 1 (Fralely Blvd) to six lanes between Brady's Hill Rd and Dumfries Rd (RT234)	44,860,000	-	44,860,000	NA	
Town of Dumfries	2024/25	Widen/Relocate Route 1: Brady's Hill Road to Dumfries Road (Route 234)	78,000,000	-	78,000,000	NA	
Total Dumfries			129,760,000		127,663,577		95.9%
Town of Herndon	2014	Herndon Parkway Intersection Improvements Van Buren Street	500,000	25,811	474,189	5.2%	
Town of Herndon	2014	Herndon Parkway Intersection Improvements Sterling Rd	500,000	498,397	-	100.0%	
Town of Herndon	2014	Herndon Metrorail Intermodal Access Improvements	1,100,000	700,000	400,000	63.6%	
Town of Herndon	2015	East Elden Street Improvements & Widening	10,400,000	-	10,400,000	0.0%	
Total Herndon			12,500,000		11,274,189		90.2%

Project Sponsor	Appropriation Fiscal Year	Standard Project Agreement Title	Approved Funding	Reimbursements Drawn as of 6/30/2020	Remaining Appropriation at 6/30/2020	Percentage of Draw Down By Project	Percent Not Draw By Sponsor (Excluding Non Appropriated Projects & FY21)
Town of Leesburg	2014	Edwards Ferry Road at Route 15 Leesburg Bypass Grade Separation	1,000,000	1,000,000	-	100.0%	
Town of Leesburg	2015	Route 15 Bypass/Edwards Ferry Road Interchange	1,000,000	1,000,000	-	100.0%	
Town of Leesburg	2015	Route 7/Battlefield Parkway Interchange	13,000,000	13,000,000	-	100.0%	
Town of Leesburg	2017	Route 7 (East Market Street) / Battlefield Parkway Interchange	20,000,000	-	20,000,000	0.0%	
Town of Leesburg	2020	Route 7 (East Market Street) / Battlefield Parkway Interchange	25,000,000	-	25,000,000	0.0%	
Town of Leesburg	2021	Construct Interchange at Route 15 Bypass and Battlefield Parkway	2,000,000	-	2,000,000	NA	
Town of Leesburg	2023	Interchange Improvements at Route 15 Leesburg Bypass and Edwards Ferry Road	5,400,000	-	5,400,000	NA	
			67,400,000		52,400,000		75.0%
Town of Vienna	2023	Mill St NE Parking Garage (Note: no longer accurate location/name)	2,300,000		2,300,000	NA	NA
City of Alexandria	2014	Shelters and Real Time Transit Information for DASH/Wmata	450,000	450,000	-	100.0%	
City of Alexandria	2014	Traffic Signal Upgrades/Transit Signal Priority	660,000	382,181	277,819	57.9%	
City of Alexandria	2014	Dash bus expansion (5 new hybrid buses)	1,462,500	1,462,500	-	100.0%	
City of Alexandria	2014	Potomac Yard Metro Station EIS	2,000,000	2,000,000	-	100.0%	
City of Alexandria	2015	Duke Street Transit Signal Priority Installation	190,000	190,000	-	100.0%	
City of Alexandria	2015	Potomac Yard Metrorail Station	1,500,000	1,500,000	-	100.0%	
City of Alexandria	2015	West End Transitway Study	2,400,000	878,366	1,521,634	36.6%	
City of Alexandria	2017	Potomac Yard Metrorail Station	66,000,000	60,060,506	5,939,494	91.0%	
City of Alexandria	2019	Alexandria Bus Network ITS	150,000	110,968	39,032	74.0%	
City of Alexandria	2020	Alexandria ITS Projects	1,195,491	-	1,195,491	0.0%	
City of Alexandria	2020	DASH Transit Service Enhancements and Expansion	11,933,161	-	11,933,161	0.0%	
City of Alexandria	2020	Alexandria Duke St Transitway	12,000,000	-	12,000,000	0.0%	
City of Alexandria	2023	West End Transitway: Northern Segment (Phase 1)	2,200,000	-	2,200,000	NA	
City of Alexandria	2024/25	Alexandria Duke Street Transitway*	75,000,000	-	75,000,000	NA	
Total Alexandria			177,141,152		110,106,631		32.9%
City of Fairfax	2014	Chain Bridge Rd Widening / Improve from Rt 29/50 to Eaton Place	5,000,000	5,000,000	-	100.0%	
City of Fairfax	2015	Kamp Washington Intersection Improvements-Rt 50 & Rt 29 & Rt 236	1,000,000	1,000,000	-	100.0%	
City of Fairfax	2015	Jermantown / Route 50 Roadway Improvements	1,000,000	1,000,000	-	100.0%	
City of Fairfax	2015	CUE 35-foot Transit Buses -Six	3,000,000	2,536,210	-	100.0%	
City of Fairfax	2015	Northfax - Intersection and drainage improvements at Route 29/50 and Route 123	10,000,000	10,000,000	-	100.0%	
City of Fairfax	2019	Roadway Network Northfax West	2,500,000	10,383	2,489,617	0.4%	
City of Fairfax	2019	Jermantown Rd Corridor Improvement Project	21,000,000	-	21,000,000	0.0%	
City of Fairfax	2022	Intersection Improvements at Eaton Place/Chain Bridge Road	10,750,000	-	10,750,000	NA	
City of Fairfax	2023	Old Lee Highway Multimodal Improvements Phase 1	5,000,000	-	5,000,000	NA	
City of Fairfax	2024/25	Jermantown Road/Route 29 Intersection Improvements	700,000	-	700,000	NA	
City of Fairfax	2024/25	Government Center Parkway Extension	3,540,000	-	3,540,000	NA	
City of Fairfax	2024/25	Old Lee Highway Multimodal Improvements	8,000,000	-	8,000,000	NA	
City of Fairfax	2024/25	Roadway Network Northfax West	2,200,000	-	2,200,000	NA	
Total City FFX			73,690,000		53,679,617		54.0%
City of Falls Church	2014	Pedestrian Bridge providing safe access to E Falls Church Metro	130,228	130,228	-	100.0%	
City of Falls Church	2014	Bus Stop Changes Incl provision of shelters & pedestrian inform & Consolidation	200,000	200,000	-	100.0%	
City of Falls Church	2014	Pedestrian Access to Transit	700,000	700,000	-	100.0%	
City of Falls Church	2020	West Falls Church & Joint Campus Revitalization District Multimodal Transportation Project	15,700,000	2,884,169	12,815,831	18.4%	
City of Falls Church	2024/25	West Falls Church Access to Transit and Multimodal Connectivity	6,900,000	-	6,900,000	NA	
City of Falls Church	2024/25	Downtown Falls Church Multimodal Improvements	8,300,000	-	8,300,000	NA	
Total Falls Church			31,930,228		28,015,831		76.6%
City of Falls Church/NVRPA	2019	Falls Church Enhanced Regional Bike Routes (W&OD)	3,244,959	324,690	2,920,269	10.0%	
Arlington/NVRPA	2024/25	Arlington W&OD Trail Enhancements	650,000	-	650,000	NA	
Total NVRPA			3,894,959		3,570,269		90.0%
City of Manassas	2015	Route 28 Widening - Godwin Drive to the Southern City Limits	3,294,000	629,045	2,664,955		80.9%
VDOT/Fairfax County	2014	Route 28 Widening NB from McLearn Rd to Dulles Toll Rd	11,100,000	11,100,000	-	100.0%	
VDOT/Loudoun County	2014	Route 28 Hot Spot Improvements - Sterling Boulevard to the Dulles Toll Road	12,400,000	12,400,000	-	100.0%	
VDOT/Fairfax County	2014	Route 28 Widening SB from Dulles Toll Road to Route 50	20,000,000	20,000,000	-	100.0%	
VDOT/Fairfax County	2015	Route 7 Bridge Widening over Dulles Toll Road	13,900,000	13,900,000	-	100.0%	
VDOT/Loudoun County	2019	Route 28 Northbound Widening -between the Dulles Toll Road and Sterling Blvd	20,000,000	18,234,431	1,765,569	91.2%	
Total VDOT			77,400,000		1,765,569		2.3%
WMATA	2014	Traction Power Upgrades on the Orange Line in Virginia (8 -car trains)	4,978,685	1,482,247	3,496,438	29.8%	
WMATA	2017	Blue Line Traction Power Upgrades	17,443,951	-	17,443,951	0.0%	
Total WMATA			22,422,636		20,940,389		NA
Virginia Railway Express	2014	Alexandria Station Tunnel and Platform Improvements*	1,300,000	-	-	WD	
Virginia Railway Express	2014	VRE Gainesville-Haymarket Extension Project Development	1,500,000	1,500,000	-	100.0%	
Virginia Railway Express	2014	VRE Lorton Station Second Platform*	7,900,000	800,270	-	WD	
Virginia Railway Express	2015	Crystal City Platform Extension Study	400,000	394,243	-	100.0%	
Virginia Railway Express	2015	Manassas Park Station Parking Expansion	500,000	500,000	-	100.0%	
Virginia Railway Express	2015	Slaters Lane Rail Crossover	7,000,000	2,099,906	4,900,094	30.0%	
Virginia Railway Express	2015	Rippon Station Expansion and Second Platform*	10,000,000	39,482	-	WD	
Virginia Railway Express	2015	Franconia-Springfield Platform Improvements	13,000,000	557,512	12,442,488	4.3%	
Virginia Railway Express	2017	Manassas Park Station Parking Expansion	2,000,000	830,729	1,169,271	41.5%	
Virginia Railway Express	2021	VRE Crystal City Station Improvements	4,000,000	-	4,000,000	NA	
Virginia Railway Express	2024/25	VRE Crystal City Station Improvements	15,800,000	-	15,800,000	NA	
Total VRE			63,400,000		38,311,853		75.9%
PRTC	2014	PRTC New Gainesville Service- One Bus	580,000	559,275	-	100.0%	
PRTC	2015	Western Bus Maintenance and Storage Facility	16,500,000	16,499,998	-	100.0%	
Total PRTC			17,080,000		-		0.0%
DRPT	2024/25	Franconia Springfield Passenger Rail Bypass	22,958,821	-	22,958,821	NA	
Total DRPT			22,958,821		22,958,821		NA
NVTC	2014	Transit Alternatives Analysis Study in the Route 7 Corridor	838,000	834,665	-	0.0%	
Total Appropriated Funding, Amount Paid & Remaining Restricted Amounts as of June 30, 2020			\$ 2,514,386,428		\$2,014,614,664		

* Funding Request Withdrawn

Des - Design; Pre Eng- Preliminary Engineering; Eng - Engineering; Env - Environmental; ROW - Right of Way; CN - Construction; Acq - Acquisition

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

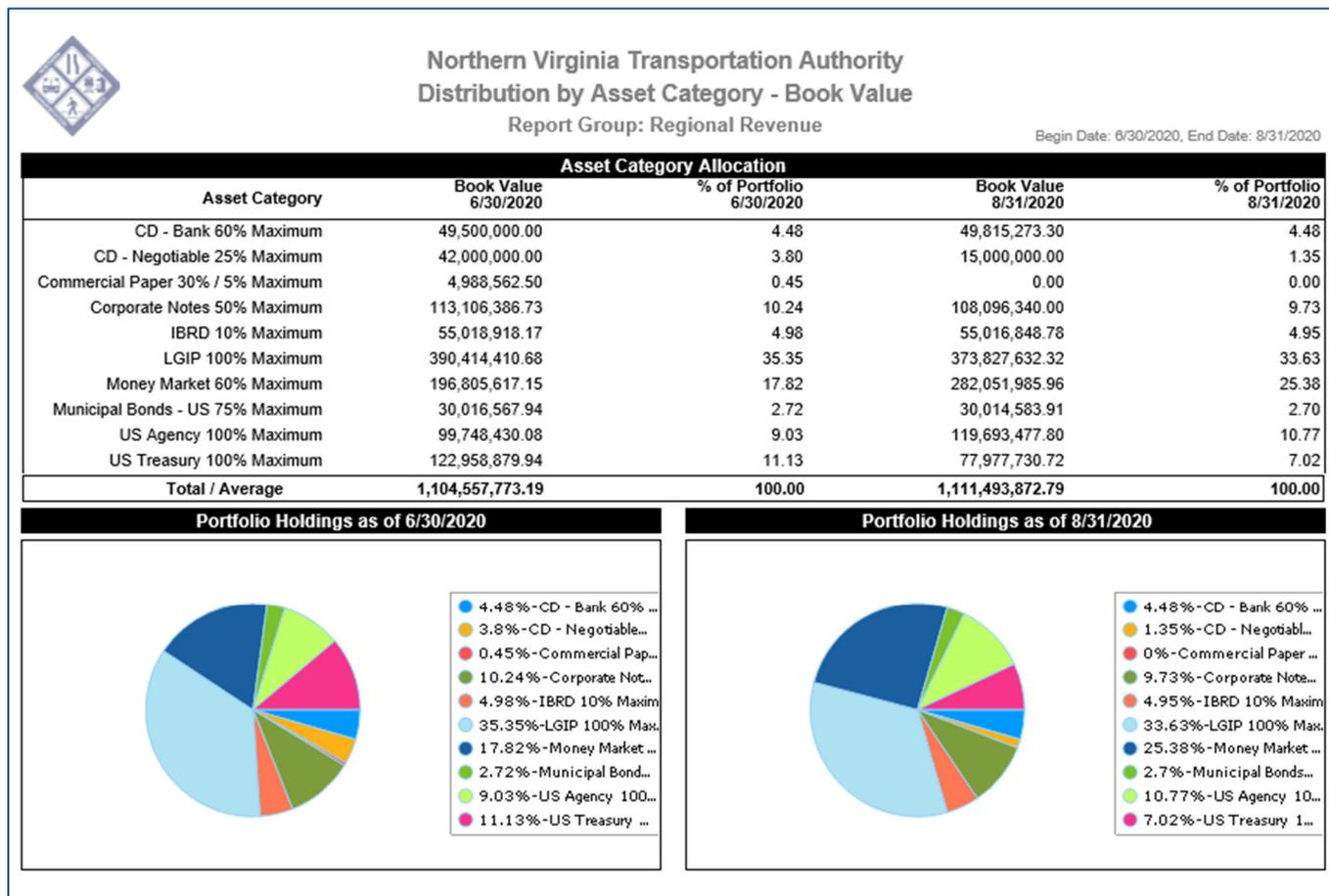
TO: Chairman Parrish and Members, NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: September 11, 2020

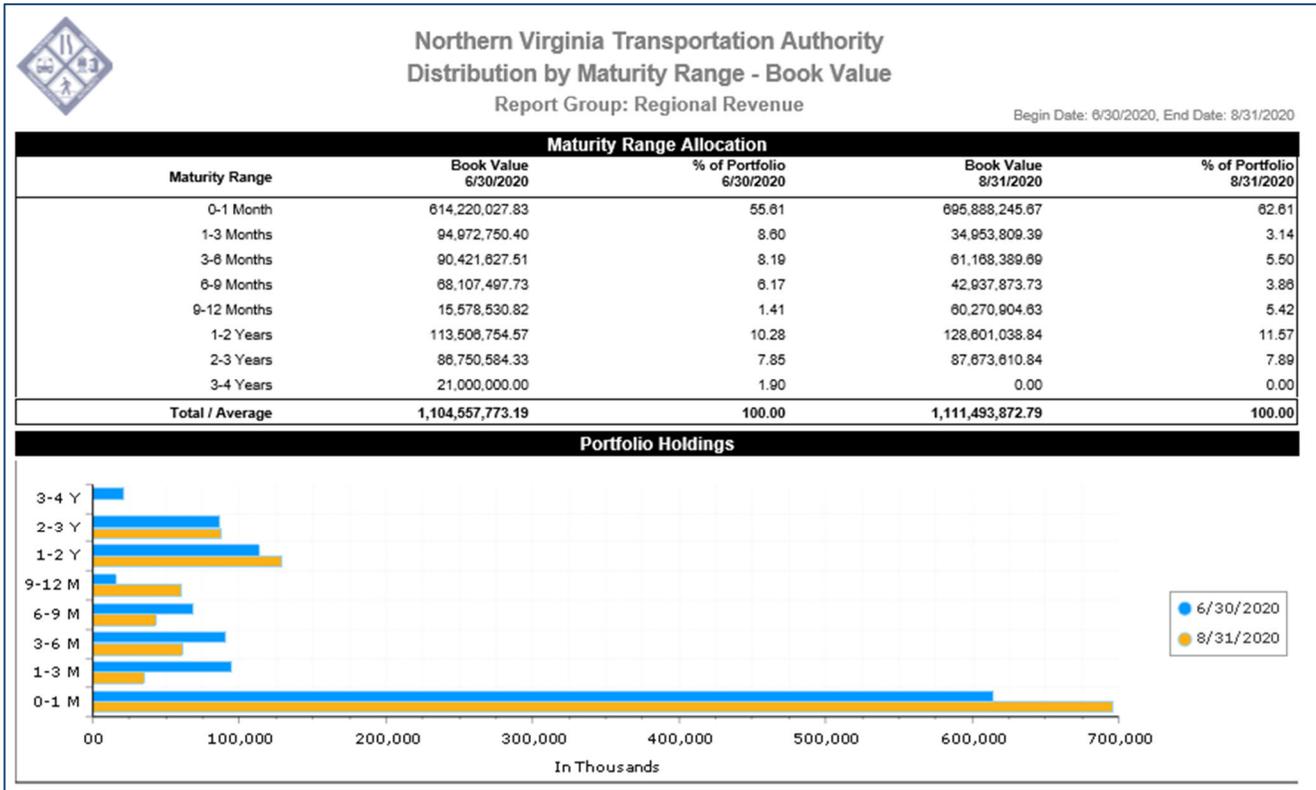
SUBJECT: Investment Portfolio Report

- 1) **Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) Finance Committee with required reports on investment activities and portfolio performance through August 31, 2020.
- 2) **Background:** This report is on investment activity through August 2020 and affirms the portfolio investments were acquired on the basis of safety, liquidity and then yield. This report summarizes the portfolio structure, and adherence to the NVTA Investment Policy.



3) Current Period Reports:

- a. The safety of the portfolio is reflected in the actual composition of the portfolio as shown above.



- b. The liquidity of the portfolio is reflected in the portfolio’s duration of .34 (1.0 = 1 year) and the maturity schedule shown above.

NVTA Investment Benchmarks	Aug-20 Month End
Fed Funds Rate	0.09%
Treasury 90 Day T Bill	0.11%
Local Government Investment Pool	0.22%
Virginia Non-Arbitrage Program	0.30%
NVTA Performance	0.77%

Source: Bloomberg/NVTA Statements

- c. The yield on the portfolio at the end of August 2020 was .77. The NVTA’s Investment Policy specifies the benchmarks shown above for yield performance comparison.

4) Portfolio Analysis & Statistics Overview

a) **Safety** The portfolio is invested primarily in;

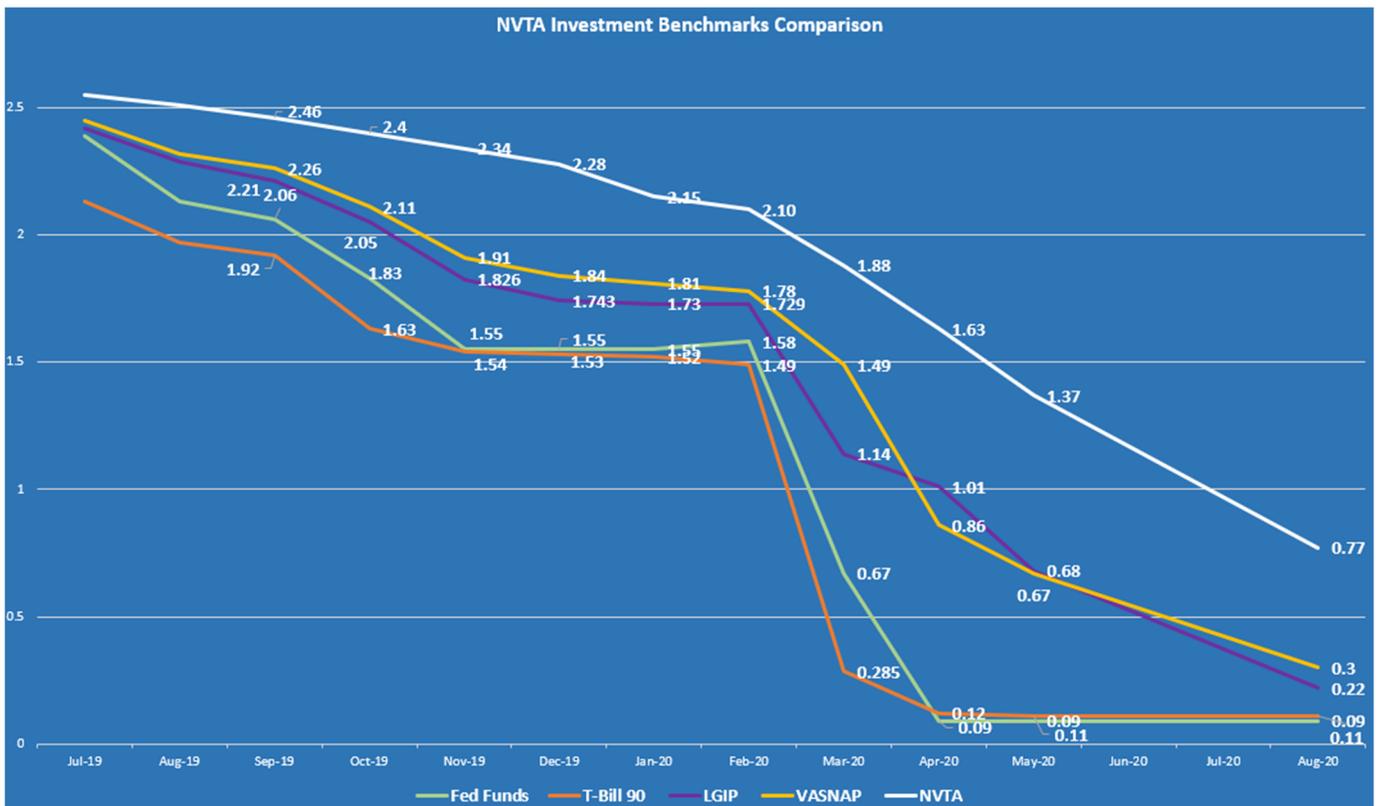
- i) Local Government Investment Pools (34% from 25%)
- ii) Collateralized bank money market accounts (25% from 17%)
- iii) AAA/AA rated investment grade corporate bonds (15% from 20%)
- iv) Treasuries and Agencies (16% from 20%)

b) **Liquidity:**

The NVTA Portfolio average duration was .34 – approximately one third of a year – reflecting a strategy to use local government investment pools to delay buying into the low market rates caused by the Federal Reserve’s economic intervention.

c) **Yield:**

- i) Given the change in market dynamics - the Federal Reserve has dropped rates near zero because of the pandemic – longer-dated maturities pay suboptimal rates. As such, NVTA intends to focus on shorter-term investments once the positive differences between the LGIP rates and Treasuries, Agencies and Corporates plays out (October/November 2020).
- ii) The NVTA portfolio is showing declines while still retaining valued compared to the benchmarks. However, over time NVTA’s portfolio performance will move (decline) with the market. The portfolio is well positioned to take early advantage of rising rates as COVID-19 lockdowns end and the economy begins to recover.



- 5) **Custodian Certification:** BB&T Retirement & Institutional Services is the custodian of all of NVTA's investment purchases and is where all of NVTA's non-deposit investments are held. Deposit type investments are protected through the Commonwealth of Virginia collateralization program or FDIC Insurance.
- 6) **Policy Required Reports:** The attached Compliance - GASB 40 Report addresses specific Investment Policy requirements regarding the purchase and holding of securities. The attached report, documents:
- a. **Compliance – Investment Policy, Summary.** The report shows the percentage of the portfolio by each type of investment.
 - b. **Investment Portfolio – By Maturity Range.** The report shows the yield to maturity, and percentage of the portfolio which each type of investment represents.
 - c. **Portfolio Holdings by Custodian.** This report shows each depository, investment firm or custodian holding NVTA securities or cash.

Attachment: Compliance - GASB 40 Report shows reporting requirements as listed above, and not otherwise presented. This report is also fundamental for the Authority's Annual Financial Statements and annual audit.



Attachment

Northern Virginia Transportation Authority The Authority for Transportation in Northern Virginia

Portfolio Holdings Compliance - GASB 40 Report - As of 8/31/2020

Issuer	Face Amount	Book	Market Value	Credit	Credit	Portfolio	Days To	Maturity	YTM @	Duration
	Shares	Value	Market Value	Rating 1	Rating 2	%	Maturity	Date	Cost	Maturity
Certificate Of Deposit										
Atlantic Union Bank1.7 12/26/2020	9,500,000.00	9,500,000.00	9,500,000.00	NR	NR	0.86	117	12/26/2020	1.700	0.32
United Bank1.9 1/14/2021	10,000,000.00	10,000,000.00	10,000,000.00	NR	NR	0.90	136	01/14/2021	1.900	0.37
United Bank 0.2 9/2/2021	30,315,273.30	30,315,273.30	30,315,273.30	NR	NR	2.73	367	09/02/2021	0.200	1.01
Sub Total / Average Certificate Of Deposit	49,815,273.30	49,815,273.30	49,815,273.30			4.48	273		0.827	0.75
Corporate Bond										
Apple Corp.1.7 9/11/2022	16,145,000.00	16,112,980.19	16,626,443.90	S&P-AA+	Moody's-Aa1	1.45	741	09/11/2022	1.800	1.99
Apple Corp.Var. Corp 2/9/2022	5,011,000.00	5,036,910.81	5,047,580.30	S&P-AA+	Moody's-Aa1	0.45	527	02/09/2022	0.743	0.00
Apple Corp. 2 11/13/2020	5,000,000.00	4,992,991.39	5,018,250.00	S&P-AA+	Moody's-Aa1	0.45	74	11/13/2020	2.718	0.20
Berkshire Hathaway2.2 3/15/2021	7,386,000.00	7,361,950.48	7,452,769.44	S&P-AA	Moody's-Aa2	0.66	196	03/15/2021	2.833	0.53
Berkshire Hathaway2.2 3/15/2021	10,000,000.00	10,007,257.51	10,090,400.00	S&P-AA	Moody's-Aa2	0.90	196	03/15/2021	2.061	0.53
Berkshire Hathaway2.75 3/15/2023-23	10,000,000.00	10,522,991.83	10,576,000.00	S&P-AA	Moody's-Aa2	0.90	926	03/15/2023	0.665	2.44
Chevron Corp. 2.1 5/16/2021	5,560,000.00	5,529,105.74	5,623,272.80	S&P-AA	Moody's-Aa2	0.50	258	05/16/2021	2.923	0.70
Chevron Corp. 2.1 5/16/2021	5,000,000.00	5,039,560.00	5,056,900.00	S&P-AA	Moody's-Aa2	0.45	258	05/16/2021	0.973	0.70
Exxon Mobil Corp Var. Corp 3/6/2022	1,000,000.00	1,003,754.72	1,005,380.00	S&P-AA	Moody's-Aa1	0.09	552	03/06/2022	0.688	0.00
Exxon Mobil Corp Var. Corp 3/6/2022	7,500,000.00	7,526,734.65	7,540,350.00	S&P-AA	Moody's-Aa1	0.68	552	03/06/2022	0.688	0.00
Exxon Mobil Corp Var. Corp 8/16/2022	10,000,000.00	10,030,976.66	10,044,700.00	S&P-AA	Moody's-Aa1	0.90	715	08/16/2022	0.610	0.00
IBRD 1.75 1/27/2023-21	30,000,000.00	30,002,430.41	30,156,900.00	S&P-AAA	Moody's-Aaa	2.70	879	01/27/2023	1.746	2.36
IBRD ADBVar. Corp 12/15/2021	25,000,000.00	25,014,418.37	24,988,250.00	S&P-AAA	Moody's-Aaa	2.25	471	12/15/2021	0.323	0.00
Johnson and Johnson2.95 9/1/2020	5,000,000.00	5,000,063.24	5,000,000.00	S&P-AAA	Moody's-Aaa	0.45	1	09/01/2020	2.472	0.00
Microsoft Corp 1.55 8/8/2021	5,000,000.00	4,942,022.55	5,057,000.00	S&P-AAA	Moody's-Aaa	0.45	342	08/08/2021	2.850	0.93
Proctor and Gamble Co. 1.9 10/23/2020	5,000,000.00	4,994,083.56	5,012,350.00	S&P-AA-	Moody's-Aa3	0.45	53	10/23/2020	2.746	0.14

Issuer	Face Amount	Book	Market Value	Credit	Credit	Portfolio	Days To	Maturity	YTM @	Duration
	Shares	Value	Market Value	Rating 1	Rating 2	%	Maturity	Date	Cost	Maturity
WalmartVar. Corp 6/23/2021	5,000,000.00	5,006,434.78	5,009,850.00	S&P-AA	Moody's-Aa2	0.45	296	06/23/2021	0.535	0.00
Walmart Corp 1.9 12/15/2020	5,000,000.00	4,988,521.89	5,024,250.00	S&P-AA	Moody's-Aa2	0.45	106	12/15/2020	2.722	0.29
Sub Total / Average Corporate Bond	162,602,000.00	163,113,188.78	164,330,646.44			14.64	519		1.505	0.93
FFCB Bond										
FFCBVar. FFCB 9/13/2021	5,000,000.00	5,000,000.00	5,005,700.00	S&P-AA+	Moody's-Aaa	0.45	378	09/13/2021	0.323	0.00
FFCB 0.23 8/3/2022	20,000,000.00	20,000,000.00	19,908,400.00	S&P-AA	Moody's-Aaa	1.80	702	08/03/2022	0.230	1.92
FFCB 1.85 3/3/2022-20	5,000,000.00	4,999,245.88	5,000,350.00	S&P-AA+	Moody's-Aaa	0.45	549	03/03/2022	1.860	1.48
FFCB Var. FFCB 10/27/2021	20,000,000.00	19,998,528.10	20,000,000.00	S&P-AA+	Moody's-Aaa	1.80	422	10/27/2021	0.145	0.00
FFCB Var. FFCB 11/7/2022	10,000,000.00	10,035,208.41	10,031,100.00	S&P-AA+	Moody's-Aaa	0.90	798	11/07/2022	0.525	0.00
FFCB Var. FFCB 5/16/2022	10,000,000.00	10,006,876.20	10,031,300.00	S&P-AA+	Moody's-Aaa	0.90	623	05/16/2022	0.370	0.00
Sub Total / Average FFCB Bond	70,000,000.00	70,039,858.59	69,976,850.00			6.30	590		0.391	0.65
FHLB Bond										
FHLB 1.67 8/25/2023-21	21,000,000.00	21,000,000.00	21,133,980.00	S&P-AA+	Moody's-Aaa	1.89	1,089	08/25/2023	1.670	2.92
FHLB 2.875 9/11/2020	5,000,000.00	4,999,937.41	5,003,650.00	S&P-AA+	Moody's-Aaa	0.45	11	09/11/2020	2.917	0.03
Sub Total / Average FHLB Bond	26,000,000.00	25,999,937.41	26,137,630.00			2.34	882		1.910	2.37
FHLMC Bond										
FHLMC 1.875 11/17/2020	5,000,000.00	4,989,363.64	5,018,400.00	S&P-AA+	Moody's-Aaa	0.45	78	11/17/2020	2.910	0.21
Sub Total / Average FHLMC Bond	5,000,000.00	4,989,363.64	5,018,400.00			0.45	78		2.910	0.21
Local Government Investment Pool										
Commonwealth of VirginiaLGIP	11,996.03	11,996.03	11,996.03	S&P-AAA	NR	0.00	1	N/A	0.258	0.00
Commonwealth of Virginia LGIP	130,427,631.83	130,427,631.83	130,427,631.83	S&P-AAA	NR	11.74	1	N/A	0.258	0.00
VIP Stable NAV LGIP	243,388,004.46	243,388,004.46	243,388,004.46	S&P-AAA	NR	21.91	1	N/A	0.270	0.00
Sub Total / Average Local Government Investment Po	373,827,632.32	373,827,632.32	373,827,632.32			33.65	1		0.266	0.00
Money Market										
Access National Bank MM	57,705,939.75	57,705,939.75	57,705,939.75	NR	NR	5.20	1	N/A	0.296	0.00
BB&T MM	5,752,054.59	5,752,054.59	5,752,054.59	NR	NR	0.52	1	N/A	0.030	0.00
John Marshall Bank ICS MM	47,615,612.15	47,615,612.15	47,615,612.15	NR	NR	4.29	1	N/A	0.370	0.00
United Bank ICS Checking MM	28,006,288.95	28,006,288.95	28,006,288.95	NR	NR	2.52	1	N/A	0.200	0.00
United Bank ICS Savings MM	52,011,964.31	52,011,964.31	52,011,964.31	NR	NR	4.68	1	N/A	0.200	0.00
United Bank MM	90,960,126.21	90,960,126.21	90,960,126.21	NR	NR	8.19	1	N/A	0.310	0.00
Sub Total / Average Money Market	282,051,985.96	282,051,985.96	282,051,985.96			25.39	1		0.280	0.00
Municipal Bond										

Issuer	Face Amount	Book	Market Value	Credit	Credit	Portfolio	Days To	Maturity	YTM @	Duration
	Shares	Value	Market Value	Rating 1	Rating 2	%	Maturity	Date	Cost	Maturity
NYC GO 1.58 8/1/2021	20,000,000.00	20,007,174.00	20,209,400.00	S&P-AA	Moody's-Aa1	1.80	335	08/01/2021	1.541	0.91
NYC GO 1.58 8/1/2022	10,000,000.00	10,007,409.91	10,208,200.00	S&P-AA	Moody's-Aa1	0.90	700	08/01/2022	1.541	1.89
Sub Total / Average Municipal Bond	30,000,000.00	30,014,583.91	30,417,600.00			2.70	457		1.541	1.24
Negotiable Certificate Of Deposit										
TD Bank NY 2.5 3/23/2021	15,000,000.00	15,000,000.00	15,093,750.00	S&P-A1+	Moody's-P1	1.35	204	03/23/2021	2.500	0.56
Sub Total / Average Negotiable Certificate Of Deposit	15,000,000.00	15,000,000.00	15,093,750.00			1.35	204		2.500	0.56
Treasury Note										
T-Note 1.375 10/31/2020	10,000,000.00	9,981,686.15	10,020,500.00	S&P-AA+	Moody's-Aaa	0.90	61	10/31/2020	2.504	0.17
T-Note 1.625 10/15/2020	10,000,000.00	9,995,684.65	10,018,100.00	S&P-AA+	Moody's-Aaa	0.90	45	10/15/2020	1.981	0.12
T-Note 2 11/30/2020	5,000,000.00	5,000,883.37	5,023,000.00	S&P-AA+	Moody's-Aaa	0.45	91	11/30/2020	1.927	0.25
T-Note 2 11/30/2020	6,000,000.00	6,002,305.74	6,027,600.00	S&P-AA+	Moody's-Aaa	0.54	91	11/30/2020	1.842	0.25
T-Note 2.375 12/31/2020	7,000,000.00	7,012,360.53	7,051,940.00	S&P-AA+	Moody's-Aaa	0.63	122	12/31/2020	1.835	0.33
T-Note 2.75 9/15/2021	10,000,000.00	9,976,183.54	10,268,400.00	S&P-AA+	Moody's-Aaa	0.90	380	09/15/2021	2.990	1.02
T-Note 2.75 9/30/2020	10,000,000.00	9,999,355.23	10,020,900.00	S&P-AA+	Moody's-Aaa	0.90	30	09/30/2020	2.831	0.08
T-Note 2.75 9/30/2020	10,000,000.00	10,001,939.37	10,020,900.00	S&P-AA+	Moody's-Aaa	0.90	30	09/30/2020	2.507	0.08
T-Note 2.75 9/30/2020	5,000,000.00	5,003,658.15	5,010,450.00	S&P-AA+	Moody's-Aaa	0.45	30	09/30/2020	1.845	0.08
T-Note 2.75 9/30/2020	5,000,000.00	5,003,673.99	5,010,450.00	S&P-AA+	Moody's-Aaa	0.45	30	09/30/2020	1.841	0.08
Sub Total / Average Treasury Note	78,000,000.00	77,977,730.72	78,472,240.00			7.02	98		2.309	0.26
TVA Bond										
TVA 3.875 2/15/2021	5,000,000.00	5,018,851.16	5,083,200.00	S&P-AA+	Moody's-Aaa	0.45	168	02/15/2021	3.017	0.46
TVA 3.875 2/15/2021	13,500,000.00	13,645,467.00	13,724,640.00	S&P-AA+	Moody's-Aaa	1.22	168	02/15/2021	1.500	0.46
Sub Total / Average TVA Bond	18,500,000.00	18,664,318.16	18,807,840.00			1.67	168		1.910	0.46
Total / Average	1,110,796,891.58	1,111,493,872.79	1,113,949,848.02			100	172		0.770	0.34

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**MEMORANDUM**

FOR: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: September 11, 2020

SUBJECT: Monthly Revenue Report

- 1. Purpose:** To update the Northern Virginia Transportation Authority (NVTA) Finance Committee on monthly revenue receipts and 30% funds distributed to member localities.
- 2. Background:** The attached reports reflect funding received and distributed through FYE June 30, 2020.
- 3. Comments:**
 - a. FY2020 Revenues (Attachment A)**
 - i. The Authority has received approximately \$269.8 million through the June 30, 2020 transfers and accruals from the Commonwealth.
 - ii. Actual June 2020 sales tax revenue plus accruals represents a 1.5% positive increase compared to FY2020 original budgeted revenue. The slight positive variance can be attributed to the newly taxed internet sales, but NVTA lacks the data to differentiate the internet sales from the annual base sales tax revenue.
 - iii. As of March 2020, the start of the COVID-19 Pandemic, actual receipts exceeded the budgeted revenue by 5.5%, attributed in part to internet sales offsetting the drop in retail store sales tax during the shutdown.
 - iv. As of FYE June 30, 2020, the Authority has received \$4.4 million in Heavy Truck Registration and Diesel Fuel (HB2718/SB1716; I-81) receipts. This represents 11 months of receipts. Receipts were not received in August which would normally represent the final accrual for FY2020. Per VDOT, additional funds cannot be provided to the Authority until the Commonwealth can determine an allocation and budgets are adopted under HB1414(2020).
 - b. FY2020 Distribution to localities (Attachment B)**
 - i. All jurisdictions have completed the required annual HB2313 certification to receive FY2020 Local Distribution Funds (30%).
 - ii. As of June 2020, all Local Distribution funds for FY2020 have been distributed to member jurisdictions.
 - iii. For FY2021, six jurisdictions have completed the required annual certification.
 - c. FY2015 to FY2020 Year over Year Revenue Comparison (Attachment C).**
 - i. This chart reflects a month-to-month comparison of sales tax revenue and a year-to-year comparison of fiscal year to date revenues received through June 2020.

Attachments:

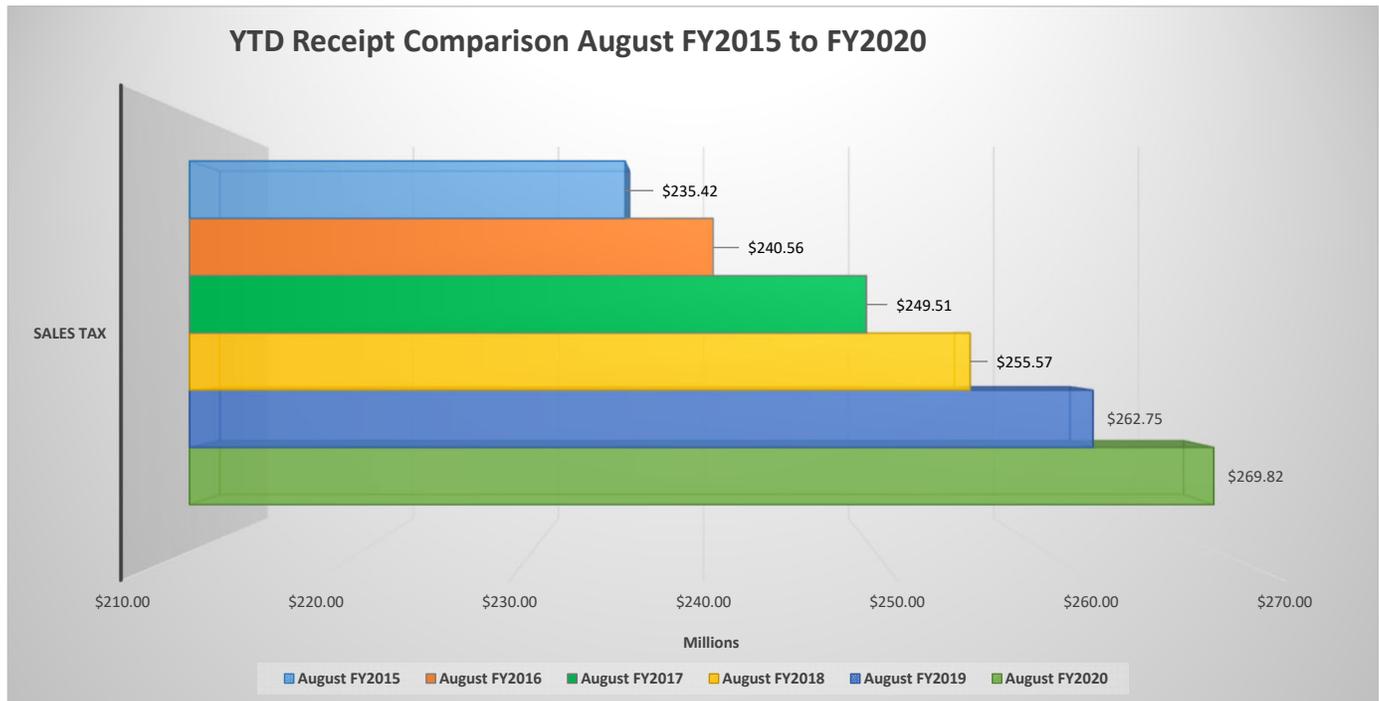
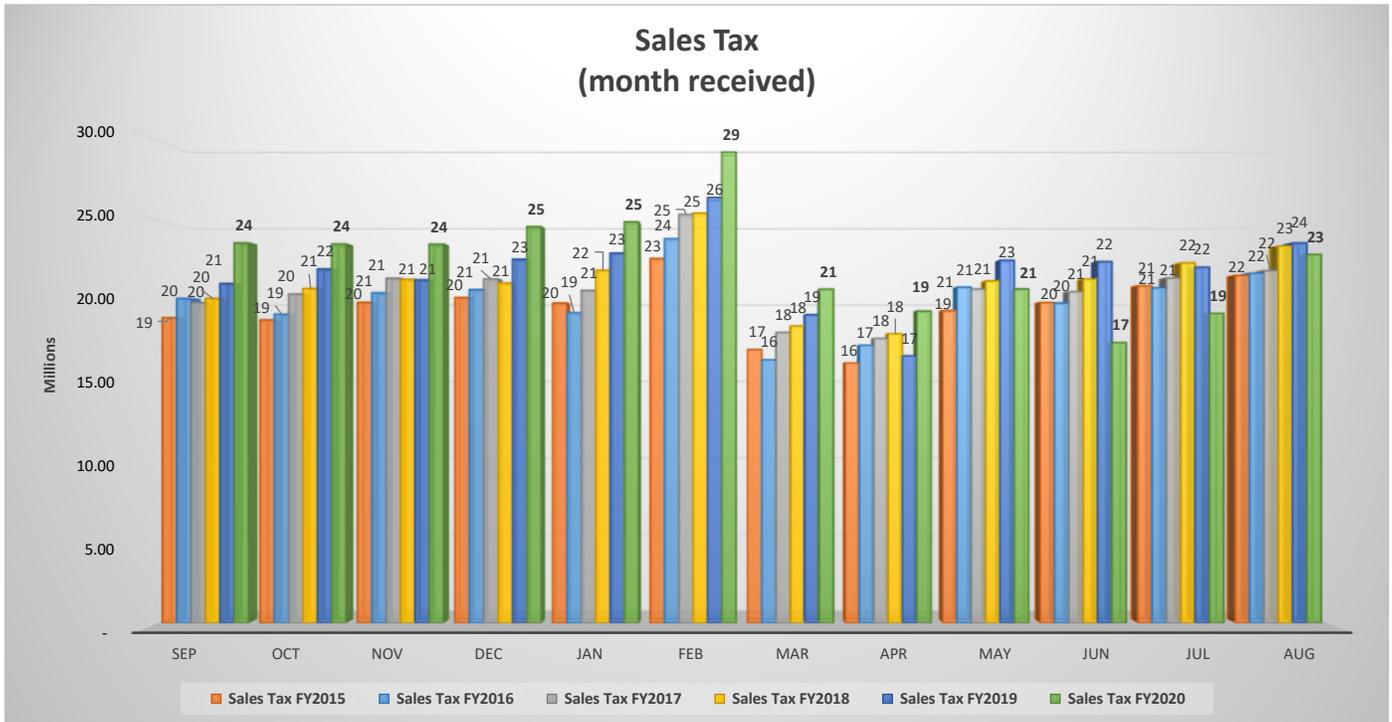
- A. Sales Tax Revenues Received Compared to NVTA Estimates, Through June 2020
- B. FY2020 30% Distribution by Jurisdiction, through June 2020
- C. Month to Month Comparison of Sales Tax Revenue and YTD Receipts for June 2015 to 2020

Attachment A

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
SALES TAX REVENUES RECEIVED BY JURISDICTION, COMPARED TO NVTA ESTIMATES
 Based on: Revenue Data Through August 2020
 FYE June 30, 2020

Regional Sales Tax		Received	Annualized Revenue based	FY2020	Annualized - Actual	
Transaction Months	12	To Date	on YTD Receipts	Budget	To Budget	
City of Alexandria		\$ 17,464,598	\$ 17,464,598	\$ 16,379,177	\$ 1,085,421	
Arlington County		25,750,060	25,750,060	25,943,302	(193,242)	
City of Fairfax		7,568,909	7,568,909	7,506,931	61,978	
Fairfax County		112,840,879	112,840,879	114,583,396	(1,742,517)	
City of Falls Church		3,077,649	3,077,649	2,777,700	299,949	
Loudoun County		53,281,315	53,281,315	52,470,000	811,315	
City of Manassas		6,265,592	6,265,592	5,202,000	1,063,592	
City of Manassas Park		1,634,068	1,634,068	1,469,727	164,341	
Prince William County		41,939,501	41,939,501	39,514,160	2,425,341	
Total Sales Tax Revenue		\$ 269,822,570	\$ 269,822,570	\$ 265,846,393	\$ 3,976,177	1.5%

Vehicle License-Registration Fees		Received	Annualized Revenue based	FY2020	Annualized - Actual	
Transaction Months	11	To Date	on YTD Receipts	Budget	To Budget	
City of Alexandria		\$ 291,164	\$ 317,634	\$ 564,162	\$ (246,528)	
Arlington County		\$ 398,517	434,746	932,871	(498,125)	
City of Fairfax		\$ 127,033	138,581	248,699	(110,117)	
Fairfax County		\$ 1,816,469	1,981,603	3,850,016	(1,868,413)	
City of Falls Church		\$ 51,750	56,455	88,448	(31,994)	
Loudoun County		\$ 882,208	962,409	1,768,831	(806,422)	
City of Manassas		\$ 98,166	107,091	170,283	(63,192)	
City of Manassas Park		\$ 27,949	30,490	52,506	(22,016)	
Prince William County		\$ 707,727	772,066	1,324,184	(552,118)	
Total Vehicle License-Registration Fees		\$ 4,400,984	\$ 4,801,074	\$ 9,000,000	\$ (4,198,926)	-46.7%
Total Revenue Received		\$ 274,223,554	\$ 274,623,644	\$ 274,846,393	\$ (222,749)	-0.08%
		\$ 274,223,554				



NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chairman Parrish and Members, NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: September 10, 2020

SUBJECT: Monthly Operating Budget Report

- 1. Purpose:** To update the Northern Virginia Transportation Authority (NVTA) Finance Committee on the Authority's Operating Budget for FY2020.
- 2. Background:** Starting in FY2020, the Authority elected to fund the Operating Budget through transfers from the Regional Revenue Fund. FY2020 was the first year this transfer was an option for the Authority.
- 3. Comments:** Through FYE June 30, 2020, the FY2020 Operating Budget has produced the following:
 - a.** The Operating Budget was funded through quarterly transfers of \$740,948 from the Regional Revenue Fund. Quarterly transfers allow the unused budgeted funds to earn interest in the overall NVTA portfolio.
 - b.** As of fiscal year-end June 30, 2020, the Authority has utilized 88% of its FY2020 expenditure budget. The lower than expected utilization of the FY2020 budget was due in part by the pandemic and move to teleworking for the last quarter of the fiscal year.
 - c.** Special events planned and budgeted for the Public Hearing and adoption of the update to the Six Year Plan, were forced to be canceled.
 - d.** The budget for the Economic Analysis study has been moved to FY2021.
 - e.** Professional Development events, Training and Conferences were postponed or cancelled during the last quarter of the fiscal year. Duplication and Printing saw a reduction in cost due to the electronic meetings.
 - f.** The Authority experienced savings in the Office Lease category due to the negotiation of the lease renewal at the beginning of FY2020.
 - g.** Some categories experienced increases resulting from unexpected costs related to working and meeting remotely.
 - h.** All major account categories remained within budget.
 - i.** The attached statement shows the total operating budget income and expenditure activity for FY2020 through June 30, 2020.

Attachment: FY2020 Monthly Operating Budget through FYE June 30, 2020

09/04/20
11:19:18

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
Income Statement
For the Accounting Period: 13 / 20

Page: 1 of 2
Report ID: LB170A

1000 General Fund

		----- Current Year -----				
Account Object	Description	Current Month	Current YTD	Budget	Variance	%
Expenses						
410000	Personnel Expenses					
110	Salaries-Regular Pay	44,721.00	1,405,101.04	1,474,032.00	68,930.96	95
130	Health & Dental Benefits		155,192.55	243,109.00	87,916.45	64
131	Payroll Taxes	4,472.00	97,548.43	112,878.00	15,329.57	86
132	Retirement VRS	227.00	111,886.48	120,377.00	8,490.52	93
133	Life Insurance		17,950.75	19,223.00	1,272.25	93
134	Flex Spending/Dependent Care		621.96	874.00	252.04	71
135	Workers Comp		1,474.00	1,621.00	147.00	91
137	Disability Insurance		15,042.40	16,654.00	1,611.60	90
	Total Account	49,420.00	1,804,817.61	1,988,768.00	183,950.39	91
420000	Professional Services					
210	Audit & Accounting Services		26,000.00	29,500.00	3,500.00	88
220	Bank Service		70.00	750.00	680.00	9
230	Insurance		6,072.00	6,081.00	9.00	100
240	Payroll Services		1,999.53	2,606.00	606.47	77
260	Public Outreach & Regional Event Support		29,399.76	66,750.00	37,350.24	44
261	Legal/Bond Counsel Services		10,992.00	25,000.00	14,008.00	44
262	Financial Advisory Services		35,000.00	35,000.00		100
263	Bond Trustee Fees		2,687.50	2,700.00	12.50	100
264	Legislative Services		60,194.23	62,000.00	1,805.77	97
265	Investment Custody Svc		20,400.00	25,000.00	4,600.00	82
	Total Account		192,815.02	255,387.00	62,571.98	75
430000	Technology/Communication					
310	Acctg & Financial Report Systems		83,120.30	98,631.00	15,510.70	84
320	HW SW & Peripheral Purchase	5,476.62	14,889.68	5,600.00	-9,289.68	266
330	IT Support Svc Incl Hosting	-5,476.62	31,397.95	23,374.00	-8,023.95	134
335	GIS/Project Mgt/Modeling	10,977.00	112,760.44	150,232.00	37,471.56	75
340	Phone Service & Web Ex Chgs		14,761.87	10,716.00	-4,045.87	138
350	Web Develop & Hosting		6,451.76	9,756.00	3,304.24	66
	Total Account	10,977.00	263,382.00	298,309.00	34,927.00	88
440000	Administrative Expenses					
410	Advertisement		195.00	1,500.00	1,305.00	13
411	Dues & Subscriptions		11,943.52	10,544.00	-1,399.52	113
412	Duplication & Printing		10,220.40	16,640.00	6,419.60	61
413	Furniture & Fixture		7,802.12	8,100.00	297.88	96
414	Hosted Meeting Expenses		4,096.28	3,780.00	-316.28	108
415	Mileage/Transportation		3,679.04	11,450.00	7,770.96	32
417	Office Lease		165,583.08	190,561.00	24,977.92	87
418	Office Supplies		3,929.35	8,065.00	4,135.65	49
419	Postage & Delivery		225.95	700.00	474.05	32
420	Professional Develop & Training		9,345.23	23,650.00	14,304.77	40
	Total Account		217,019.97	274,990.00	57,970.03	79

1000 General Fund

Account Object	Description	----- Current Year -----				%
		Current Month	Current YTD	Budget	Variance	
	Total Expenses	60,397.00	2,478,034.60	2,817,454.00	339,419.40	88
	Net Income from Operations	-60,397.00	-2,478,034.60			
Other Revenue						
383000	Transfer Operating Budget from Regional Revenue		2,963,793.00	2,963,793.00		100 100
	Total Other Revenue	0.00	2,963,793.00	2,963,793.00	0.00	100
Other Expenses						
521000	Transfers					
820	Transfer to Operating Reserve			563,491.00	563,491.00	
825	Transf to Equip Reserve			26,986.00	26,986.00	
	Total Account			590,477.00	590,477.00	
	Total Other Expenses	0.00	0.00	590,477.00	590,477.00	
	Net Income	-60,397.00	485,758.40			