



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Thursday, June 18, 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 May 8, 2020 Meeting
Recommended Action: Approval [with abstentions from those who were not present]

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

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

Information/Discussion Items

V. WMATA Orange/Blue Line Traction Power Projects Cancellation Mr. Longhi, CFO

VI. Investment Portfolio Report Mr. Stavros, Investment & Debt Manager

VII. Monthly Revenue Report Mr. Longhi, CFO

VIII. Monthly Operating Budget Report Mr. Longhi, CFO

Adjournment

IX. Adjournment

Next Scheduled Meeting July 16, 2020 1:00PM (Room B)
3040 Williams Drive, Suite 200, Fairfax, Virginia



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Friday, May 8, 2020 – 1:00 PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

SUMMARY MINUTES

I. Call to Order/Welcome

Mayor Parrish, Chairman

- Chairman Parrish called the meeting to order at 1:04 PM.
- Attendees:
 - ✓ Authority Members: Chairman Parrish, Mayor Rishell; Chair Randall, Board Member Cristol (1:06 PM) Chairman McKay (1:04-)
 - ✓ Other Authority Members: Chair Wheeler, Mayor Wilson, Delegate Roem, Mr. Kolb
 - ✓ 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); Mackenzie Jarvis (Transportation Planner); Erica Hawksworth (Communications & Public Affairs Manager)
 - ✓ Council of Counsels: Ellen Posner (Fairfax County - DOT) Rob Dickerson (Prince William County); Steve MacIsaac (Arlington County)
 - ✓ Other Attendees: jurisdictional staff and the public attended the meeting on Facebook Live via the Authority's FB page.
<https://www.facebook.com/TheNVTA/>

Adoption of Resolution 20-01 to Find Need to Conduct Meeting by Electronic Communication Means during Governor's declared State of Emergency during COVID-19 Pandemic

NVTA Council of Counsels *Recommended action: Adoption of Resolution 20-01 for Electronic Meetings During COVID-19 Pandemic (prior to the meeting, a Blue Sheet outlining the resolution was inserted in the Meeting packet, following the Agenda page)*

- Council of Counsel's Rob Dickerson noted the need for a resolution as previously there were limited conditions where electronic meetings were permitted, which has changed in response to the COVID-19 pandemic. The Resolution reflects this change, and is in accordance with the law. Mr. Dickerson added the Council's view that all the items on the agenda were appropriate for the May 8, 2020 electronic meeting.

Chair Randall 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.

II. Summary Minutes of the February 20, 2020 Meeting

Mayor Rishell moved approval of the minutes of the meeting: seconded by Board Member Cristol. Motion carried unanimously

Action Items

III. Regional Revenue Fund - Revenue Projection Update Mr. Longhi, CFO

Recommended Action: Recommend Authority Adoption of Updated Revenue Estimates

- Chairman Parrish thanked Mr. Longhi in advance for the “yeoman’s job” he was about to do in presenting substantive and detailed presentations on various recommendations that that the Committee needed to take action on before the May Authority meeting.
- Chairman Parrish thanked the members for being able to move the Finance Committee ahead of the Authority meeting for that purpose.
- Highlighting Table 1, Mr. Longhi presented initial projections for FY2024/25 and revised FY2020/23 projections critical to maintaining PayGo funding of approximately \$1.3 billion for the FY2018 to FY2023 Six Year Program.
- Mr. Longhi addressed the revised revenue estimates for FY2020/23 that take into account the impact of the COVID-19 pandemic (as well as the subsequent recession), and the inclusion of new revenues from the 2019 and 2020 General Assembly sessions.
- Mr. Longhi also noted the addition of two fiscal years (FY2024/25) would also relate to the next action item the Finance Committee would consider which determines the PayGo amount.
- Taking the Committee through various tables breaking down the topline estimates presented in Table 1, Mr. Longhi reviewed NVTAs four tax revenues (Sales Tax, I-81 Corridor Funds, Grantor’s, NVTD Transfer), as well as a table summarizing the impact of COVID-19 on FY2020 through FY2023, which also provided analysis on the status of NVTAs funding restoration.
 - Sales Tax, Table 2: Mr. Longhi directed Committee member’s attention to Table 2, Mr. Longhi reviewed the various models and data sources staff used to determine the impact of COVID-19 on sales tax and other revenues, noting;
 - As the largest of the four revenues sales tax received significant focus with projection models based on Gross Domestic Product (GDP) history from prior downturns.
 - GDP data was used to capture the strongest data from national sources including Underwriting Banks, Bloomberg, independent economic firms and publications such as the Wall Street Journal.
 - Regional Domestic Product (RDP) was used to normalize the GDP data to Northern Virginia. Data from George Mason University – Fuller Institute bringing a regional focus.
 - GDP and RDP data were combined with actual sales tax data by each jurisdiction from FY1994 through FY2019.

- COVID-19 case and fatality predictions were tracked from several sources since the downturn was triggered by the pandemic.
 - Multi factor shock analyses were conducted to look at best worst case scenarios.
 - Mr. Longhi noted that staff did take into account Internet sales tax, noting FY2020 was the first-year sales tax on Internet sales was coming to the Authority. For the projections, staff wrapped the Internet sales tax into the overall sales tax number.
 - Mayor Rishell asked Mr. Longhi to confirm that the Internet sales tax is wrapped into the full total of sales tax estimates, summarized in Table 1.
 - Mr. Longhi confirmed, also noting the Internet sales tax is not broken out as a data point that NVTa receives from the Commonwealth. Though he noted, staff had provided a breakout on Internet sales estimates in Table 2 for FY20 and FY21.
- I-81 Corridor Funds, Table 3: Mr. Longhi then turned to Table 3 and addressed projected I-81 revenue impacts from COVID-19 as well as the previously reported issue that revenue received has not been in accordance with projections originally produced by the Commonwealth.
 - For I-81 Corridor Revenues, similar COVID-19 analytics were used as with the Sales Tax, in addition to freight truck spot market information from Bloomberg and the Wall Street Journal reflecting the freight truck spot market experiencing a 70% reduction within a few weeks.
 - Referring to Table 3, initial projections for I-81 Corridor Revenues was \$10 million, reaching \$20 million by FY2022 with projected growth afterwards. However, this was significantly revised by VDOT with FY2022 estimates going down by 64% and FY2023-FY2024 estimates going down by 44%-45%.
 - Mr. Longhi noted that the presented estimates were not based on VDOT's numbers but rather on actual remittances coming in based on a phased in approach inclusive of the phased in percentage growth anticipated by the Commonwealth, NVTa continues to recommend. Table 3 further shows a COVID-19 impact of \$4.8 million for FY2020/23.
 - Mr. Longhi noted that he did not expect a COVID-19 impact in FY2023 as freight traffic increases projected that year would be a sure sign that the economy is emerging from recession.
- Grantor's Tax, Table 4: Highlighting Table 4, Mr. Longhi noted the Authority has had experience with the Grantor's tax and should be viewed as a reinstatement, as well as a new revenue. Grantor's tax was originally supposed to start (restart) at \$30 million in FY21, a projection both supported by the amended 2020 Omnibus Transportation Bill and NVTa internal forecasts.
 - Mr. Longhi outlined various COVID-19 impacts;

- ✓ Governor’s one-time reduction in the tax rate for FY2021 effectively reducing revenue by half or \$15 million.
 - ✓ Recession impacts developed with much the same data as sales tax with specific data from the Northern Virginia Association of Realtors (NVAR), Bloomberg, Fuller Institute, and the Wall Street Journal, as well as historic data from the region’s four counties starting in FY1994.
 - ✓ Recession impacts include stifled growth of the revenue line through the estimation period based on commercial real estate (office space utilization) concerns. NVTA continues to project an economic impact from COVID-19 in 2022 and 2023 as a result. For 2024 and 2025, NVTA held the estimate steady at \$30 million.
- NVTD Transfer: The Northern Virginia Transportation District, named by the Commonwealth, is a transfer of \$20 million from the Commonwealth to the Authority, noted Mr. Longhi, and as such, a table was not necessary. The straight transfer was approved in the Omnibus Transportation Bill (2020 General Assembly Session). Mr. Longhi noted that the revenue has no growth prospects and should not experience any economic impacts, assuming there are no legislative or budget amendments. The transfers will start at the beginning of the fiscal quarter.
- COVID-19 and Funding Restoration Summary, Table 5: Mr. Longhi noted that the Table 5 addresses funding restoration, which is why Sales Tax was not included. Mr. Longhi continued with his update;
 - Table 5 shows the impact of COVID-19 on FY2020 through FY2023, the remaining years in the current Six Year Program. The COVID-19 impact is estimated at \$40.2 million.
 - The table also shows, Mr. Longhi noted, the impact of VDOT estimate changes compared to what was shared during the 2020 General Assembly Session. The total impact of the VDOT estimate changes is \$47.8 million, with the direct impact based on changes to the VDOT projections being a reduction of \$35.3 million. An indirect impact of \$12.5 million based on NVTA’s actual receipts is included due to induced uncertainty.
 - Mr. Longhi noted that VDOT impact on estimate changes far surpassed the revenue declines caused by COVID-19 by more than \$7 million.
 - FY21 combined losses are substantially higher than FY20, FY22, and FY23 because of the Governor’s phase in of Grantor’s Tax, which was a COVID-19 related item, Mr. Longhi added.
- Mayor Rishell asked, when considering past revenue, when would NVTA be fully recovered from the COVID-19 recession.
- Mr. Longhi answered the estimate for recovery is between 2024 and 2025.
- Chair Randall inquired as to how long the virus will impact NVTA’s revenue stream.
- Mr. Longhi answered that the economic impact of COVID-19 would mostly affect 2021, 2022 revenues, and to some extent in 2023. But the COVID-19 impact is mostly gone by 2024 and 2025, Mr. Longhi added. The impact on 2024 and 2025

is the suppression of Grantor's tax based on the expected impact on the commercial real estate market.

Chair Randall moved that the Finance Committee recommend the Northern Virginia Transportation Authority adopt the FY2020/25 revenue projections presented in Table 1. Motion was seconded by Mayor Rishell. Motion passed unanimously.

IV. FY2024/25 PayGo Determination

Mr. Longhi, CFO

Recommended Action: Recommend Authority Adoption of FY2024/25 PayGo Determination

- Mr. Longhi noted that the PayGo determination is the net revenue, the previous motion was the gross revenue. NVRTA went through a series of calculations to take the gross revenues and turn them into PayGo, which is the amount that is available for project funding. As indicated in Table 1, total available PayGo for projects is \$522,151,962 million.
- A big concern in developing the PayGo, Mr. Longhi noted, was whether the Authority would be able to preserve the funding for the current Six Year Program, given the COVID-19 pandemic's expected economic impact. On June 6, 2018, the Finance Committee made a \$1.285 billion PayGo funding recommendation, which when adopted by the Authority, became the revenue source for the first Six Year Program (SYP) covering FY2018 to FY2023.
- Mr. Longhi noted he was pleased to announce that the current Six Year Program would be preserved as a result of funding restoration by the General Assembly, and due to NVRTA finance practices that were put in place (such as maintaining emergency reserves).
- In explaining NVRTA's various strategic responses to the COVID-19 pandemic, Mr. Longhi explained the Finance Committee's agreement to employ a revenue taper, whereas the Finance Committee underutilized revenue in the last 3 years of the current Six Year Program to be used in the event of an emergency revenue shortfall. As such, this emergency reserve could now be used to help preserve the original Six Year Plan.
 - Mr. Longhi reviewed the calculation steps involved in the PayGo estimation analysis, noting some of the steps were based on current known data points, some are based on estimates extended over a six-year horizon.
 - Known data points are:
 - ✓ Audited Fund Balances
 - ✓ Proposed Taper Release
 - ✓ Debt Service
 - ✓ Proposed Taper Reinstatement
 - Estimates include:
 - ✓ Portfolio interest earnings (adjusted for COVID-19 and financial market turmoil)
 - ✓ Future TransAction Update costs
 - ✓ Technical support costs (Long Term Benefits, CRRC, SYP Updates)
 - ✓ Regional modeling and data initiatives
 - ✓ Operating budget transfer

- Chairman Parrish noted that he had discussed the plan with Mr. Longhi and supported the plan, noting his belief that it was a reasonable approach, it does not go too far, and it is helpful for Northern Virginia and Northern Virginians.
- Mayor Rishell asked for confirmation, if the credit ratings are not being impacted NVTA could go to short-term financing, but that would not be the same as going to the market in to sell long term bonds.
- Mr. Longhi affirmed and added that short-term debt was listed as an emergency back-up plan in the event the revenue estimates were to be found to be too aggressive, though he reiterated this was not his belief.
- But if revenues did not come in as projected, Mr. Longhi expanded, and the Authority were to commit another \$522 million of projects, NVTA could use short-term financing to cover some of that gap.
- Chairman Parrish asked and Mr. Longhi affirmed, the short-term financing would only be used as necessary, and that the NVTA is not planning its use.

Mayor Rishell moved to seek Northern Virginia Transportation Authority (NVTA) Finance Committee recommendation for Authority adoption of proposed FY2020 to FY2023 PayGo revisions and new PayGo amounts for FY2024/25. Motion was seconded by Board Member Cristol. Motion carried unanimously.

V. FY2021 Regional Revenue Fund Appropriations

Mr. Longhi, CFO

Recommended Action: Recommend Authority Adoption of FY2021 Project Appropriations

- Mr. Longhi presented the FY2021 Regional Revenue Fund appropriations, noting these projects were approved in the current FY2018/23 Six Year Program.
- Mr. Longhi further noted the complete program appropriation schedule attached to the staff report which shows how projects have changed their appropriation requests over the years.
- He further noted that when originally adopted, FY2023 only had \$1.9 million scheduled for appropriation. Currently project progression is such that sponsors have moved \$132 million in projects further down the appropriation calendar.

Chair Randall moved that the Finance Committee recommend the Northern Virginia Transportation Authority appropriate \$180.2 million of FY2021 Regional Revenue Funds to the six projects in the FY2018-FY2023 Six Year Program as detailed in Table 1; seconded by Chairman Parrish. Motion carried unanimously.

VI. TransAction Contract Amendment 6: COVID-19 2020 Travel Behavior

Mr. Longhi, CFO

Recommended Action: Recommend Authority Approval of Contract Amendment 6

- Mr. Longhi noted that the current item is an amendment to the existing TransAction contract whereas the planning staff see the current COVID-19 pandemic creating a need and opportunity to measure changing travel trends to evaluate what travel modes are chosen as people return to work. Also, planning staff want to analyze how teleworking becomes a more permanent and wider spread trend as a result.

- The original contract envisioned the need for unpredictable activities, and proposed not to exceed cost amount of \$50,000 is still within the contingency reserve on the original contract.
- Ms. Backmon added that NVTa has been in communication with some chambers and representatives of the business community with regard to how the transition back to work will occur when COVID-19 infections begin to subside. The study will also help populate the data sets in the update to TransAction which started in January, and will give planners a view on what the new-normal will look like.
- Ms. Backmon also noted that the study would also allow planners the ability to utilize the data to evaluate and get a better understanding whether travel behavior has been permanently or temporarily changed because of the COVID-19 pandemic.
- Ms. Backmon added some business leaders have communicated that they have found that their employees can be very productive working from home, and they may or may not reduce the brick-and-mortar space that is being utilized. In addition, she noted various Virginia transportation agencies have also expressed an interest in discovering how commuting will look as we go forward, but no one really has the data set.
- Ms. Backmon noted that she intends for the data to be part of the NVTa's TransAction long range transportation plan, even though the plan is 20 to 25 years, which will be used to populate the Six Year Plan that is updated on a bi-annual basis.
- The data will allow planners to develop scenarios that will insure that the investments that the Authority makes will reach their material and useful life.
- Chair Randall noted that the virus is unprecedented and asked if there is any modelling anywhere that can speak to what could happen in the future as far as transit.
- Ms. Backmon answered that various parties are in the process of having conversations, reaching out to the business community and transit providers over what kind of details and inputs should be incorporated in the model; but at present there are is no data given the novelty of the transportation impacts of COVID-19.

Chair Randall moved Finance Committee recommendation of Authority approval of the attached TransAction Contract Amendment 6: COVID-19 2020 Travel Behavior in an amount not to exceed \$50,000; seconded by Mayor Rishell. Motion carried with one abstention.

Information/Discussion Items

VII. NVTa Finance Activities During Pandemic

Mr. Longhi, CFO

- Mr. Longhi noted the activities of the Finance Team during the pandemic. Highlighting the table in the staff report, in the last 45 days the Finance Team had processed \$385.6 million in transactions, such as receiving revenue, project disbursements and continuing the 30% local distributions as scheduled.
- Further, the auditors were able to start the in-house phase of the audit (which they did remotely) Mr. Longhi noted, the preparation of Peggy Teal and Dev Priya Sen were instrumental in maintaining progress.

- In addition, the finance staff was able to move more transactions electronically; jurisdictions were able to submit project reimbursements with all the back-up being submitted electronically with many other of the NVTA's transactions being moved to digitally based.
- Mayor Rishell congratulated the Finance Team on its wonderful work.

VIII. Investment Portfolio Report

Mr. Longhi, CFO

- Mr. Longhi noted the table at the bottom of page 3, which was prepared by Richard Stavros. As the pandemic unfolded, Mr. Longhi noted a considerable amount of work was done to make sure that the portfolio's corporate bonds maintained a low probability of default. The table showed the likelihood of default of NVTA's corporate notes was much less than 1% which was consistent with pre-pandemic estimates.
- Mr. Longhi then directed members to view the chart on page 5, noting the top white line showing the NVTA portfolio is still exceeding its benchmarks. But like any fixed income portfolio that does not involve speculation, Mr. Longhi noted, the NVTA portfolio is also trending toward the market.
- Mr. Longhi added that with the high level of liquidity that NVTA has through its relationships with community banks, it is his hope that as the market turns up, NVTA will be able to capture the upside faster than benchmark portfolios.
- Mayor Rishell asked for more detail on capturing the upside.
- Mr. Longhi responded that since NVTA has large bank balances paying above market interest rates that are negotiated rates with mostly regional banks, once the market or Treasury rates start coming back up, NVTA can quickly start purchasing Treasuries, corporate notes at higher rates.
- The alternative, Mr. Longhi noted, is putting money into very low yielding rates now and having to wait for those bonds to mature. In order to receive 20 basis points (or 1/20th of a percent) NVTA would have to lock up the fund for 1-2 years.
- Chairman Parrish congratulated Mr. Stavros on his work, as NVTA's portfolio is still doing better than the general market itself.

IX. Monthly Revenue Report

Mr. Longhi, CFO

- Mr. Longhi noted that NVTA continues to receive receipts that are pre-pandemic (sales tax is reported on a 2-month delay), actual April 2020 sales tax revenue (eight months of sales tax receipts annualized) compared to FY2020 budgeted revenue shows a 6.9% positive variance prior to the COVID pandemic. The budgeted revenue has approximately a 2.5% growth factor from the prior year.

X. Monthly Operating Budget Report

Mr. Longhi, CFO

- Mr. Longhi noted that the operating budget is in good shape, but that there have been additional pandemic-related budget expenses (which are being tracked separately), most notably having to purchase WebEx electronic platforms to host

digital meetings such as these. The additional expenses at this time do not exceed \$10,000.

Mayor Rishell and Chair Randall, thanked everyone that has kept the organization going. Mayor Rishell was impressed with the report of how much was done, and called the NVTa staff the best in Northern Virginia.

Chairman Parrish, in concluding remarks, also thanked Monica Backmon, Michael Longhi (who took on the greatest portion of the meeting) and all NVTa staff members, singling out Richard Stavros for his work on the investment portfolio, and Dev Priya Sen for her work in hosting a successful electronic meeting.

Adjournment: 2:02 PM

XI. Adjournment

Next Scheduled Meeting June 18, 2020 1:00PM (Room B)

3040 Williams Drive, Suite 200, Fairfax, Virginia

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
FINANCE COMMITTEE
RESOLUTION FINDING NEED TO CONDUCT
JUNE 18, 2020 MEETING ELECTRONICALLY

June 18, 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 June 18, 2020, to discuss and transact the business of the Committee listed on the June 18, 2020 Authority Meeting Agenda; and

BE IT FURTHER RESOLVED, that the Committee hereby finds that meeting by electronic means is authorized because the items on the June 18, 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 June 18, 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 18th day of June, 2020.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

SUBJECT: VRE Lorton and Rippon Station Projects Withdrawal/Cancellation

DATE: June 12, 2020

- 1) Purpose:** To seek Northern Virginia Transportation Authority (NVTA) Finance Committee recommendation to the Authority to cancel or accept the withdrawal of the Virginia Railway Express (VRE) Lorton and Rippon Station Projects.
- 2) Recommended Motion:** I move Finance Committee recommendation of Authority cancellation or acceptance of withdrawal of the VRE Lorton and Rippon Station Projects unencumbering a combined \$16.9 million in project funding.
- 3) Background:**
 - a)** During the two-year development of Policy 29 – Project Activation Monitoring and De-Appropriation, NVTA and VRE staff worked together to ensure VRE project compliance with the policy, particularly on VRE projects not demonstrating progress towards completion and utilization.
 - b)** VRE made several process enhancements to streamline project design and engineering with an objective of advancing to and through the project construction phase. New project timelines and cashflows were established which, at the time, showed acceptable progress toward project completion.
 - c)** The project scopes and timelines for nearly all planned VRE capital projects along the CSXT-owned Fredericksburg Line have been materially impacted by the Virginia Rail Improvement Program (VRIP) and associated operating plan recently initiated by DRPT.
 - d)** On May 18, 2020, in submitting project updates for the Executive Director’s monthly Regional Project Status Report (as required in Policy 29), the completion dates for three VRE projects – Franconia-Springfield Platform Improvements, Lorton Station Second Platform and Rippon Station Expansion and Second Platform – were substantially changed:
 - i)** Franconia-Springfield Platform Improvements: Key dates moved are: construction start in early 2018 to construction complete by 2026. Franconia-Springfield is currently included in the ‘Phase 1’ set of VRIP projects expected to be complete by 2026. However, VRE staff noted the station improvements could potentially occur without creating significant project scope issues and with an earlier completion date than 2026. No Finance Committee action is requested at this time.

- ii) Lorton Station Second Platform: Key dates moved are: construction complete moved from FY2015 to 'Construction deferred until DRPT 4th track construction.' Based on the new operating plan, no expansion of platform capacity is required at Lorton Station until the construction by DRPT of a new fourth track. There is no specific projected date for the completion of a fourth track in the vicinity of Lorton Station, but it is likely to be in 2030 or later. The current project scope is also inconsistent with the likely location of a future fourth track. Recommend project be withdrawn by VRE or cancelled by NVTA. Either action will unencumber \$6,998,303 in unspent project funds of the original \$7.9 million appropriated.
- iii) Rippon Station Expansion and Second Platform: Key dates moved are: start of construction January 2018 to construction complete by 2030. Rippon Station is currently included in the 'Phase 2' set of VRIP projects expected to be complete by 2030. Recommend project be withdrawn by VRE or cancelled by NVTA. Either action will unencumber \$9,960,518 in unspent project funds of the original \$10 million appropriated.

4) **Current Situation:**

- a) Cancelling a project is not a recommendation NVTA staff take lightly. However, with competing demands for limited funding it is important that NVTA staff also ensure that the region receives the benefits in terms of congestion reduction, improvement to the transportation network and the economic value of the NVTA's investment as soon as possible.
- b) Project readiness is an important qualitative factor in awarding a project.
- c) Based on ten-year averages of the Consumer Price Index the value of a NVTA dollar diminishes approximately \$.30 in a decade.
- d) The proposed new operating plan in the rail corridor, which eliminates the near-term need for expansion at Lorton Station, as well as the revised delivery date for the Rippon Station project (neither of which were envisioned in 2013 when the Lorton Station Project was approved or in 2015 when Rippon was approved) have led to the project cancellation recommendation.
- e) VRE staff have expressed recognition of these challenges. However due to meeting cancellations caused by the pandemic, VRE staff have not been able to brief the VRE Operations Board to present formal staff proposals to withdraw the projects.
- f) If these projects are withdrawn or cancelled, VRE can reapply for funding under subsequent funding programs.

- 5) **Next Steps:** With a Finance Committee recommendation of acceptance of withdrawal or cancellation, the Authority's Planning and Programming Committee could include the unencumbered amount of ~~\$20.9~~ \$16.9 million for potential allocation to projects in the FY2020-2025 update to the Six Year Program per Authority approval at the July 9th meeting. Many of those projects have projected nearer term congestion reducing benefits.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

SUBJECT: WMATA Orange/Blue Line Traction Power Project Cancellations

DATE: June 12, 2020

- 1) **Purpose:** To seek Northern Virginia Transportation Authority (NVTA) Finance Committee recommendation to the Authority to cancel the Orange Line and the Blue Line Traction Power Upgrade Projects.
- 2) **Suggested Motion:** I move Finance Committee recommendation of Authority cancellation of the Orange Line and Blue Line Traction Power Upgrade projects unencumbering \$20.9 million in project funding.
- 3) **Background:**
 - a) During the September 2019 preparation of the Policy 29 analysis to the Finance Committee, two WMATA projects were brought to the Committee's attention. While not included in the Policy 29 inconsistency determinations, several significant questions and concerns were raised.
 - i) Orange Line Traction Power Upgrades (Adopted in the FY 2014 Program in July 2013 at \$4,978,000, Remaining Balance \$3,496,438):
 - (1) Reimbursements halted due to questions related to internal WMATA cost allocations.
 - (2) Funding sources are being reviewed for compliance with NVTA Resolution 14-8.
 - (3) Project scope compliance was reviewed relative to 100 percent eight car trains.
 - ii) Blue Line Traction Power Upgrades (Adopted in the FY2017 Program in July 2016 at \$17,443,951; Full Amount Remaining).
 - (1) Funding sources are being reviewed for compliance with NVTA Resolution 14-8.
 - (2) Project scope compliance was reviewed relative to 'consistent deployment of eight-car trains'.
 - b) The project benefits through additional capacity are not achieved through increased electrical current. Rather, it is the congestion reducing project scope of 100% eight car trains which is made possible through the power upgrades.
 - c) While the 2013 and 2016 project descriptions did not specify a date to start eight car train service, it was anticipated to occur in the near term and was a stated goal of WMATA.

- d) NVTA staff have worked with WMATA staff to obtain documentation on eight car train deployment, consistent with the approved project descriptions, since September 2019. Two referrals were made:
 - i) Eight Car trains deployment plans were in the proposed FY2020 WMATA budget, but not adopted.
 - ii) Eight Car trains would be a FY2021 budget decision. However, eight car trains are not in WMATA's draft or adopted pre-pandemic FY2021 budget.

4) Current Situation:

- a) Cancelling a project is not a recommendation NVTA staff take lightly. However, with competing demands for limited funding it is important that NVTA staff also ensure that the region receives the benefits in terms of congestion relief, improvements to the transportation network and the economic value of the NVTA's investment as soon as possible.
- b) Project readiness is an important qualitative factor in awarding a project.
- c) Based on ten-year averages of the Consumer Price Index the value of a NVTA dollar diminishes approximately \$.30 in a decade.
- d) When discussing the status of these two projects with WMATA staff, it was noted that deployment of eight car trains, WMATA overhead levels and funding source issues each needed to be resolved for NVTA staff not to consider a defunding recommendation to the Finance Committee.
 - i) Eight Car Trains: There is no schedule for deployment of eight car trains at this time.
 - ii) WMATA Overhead: NVTA staff presented a proposed solution to WMATA which would involve the presentment of only 'hard charges' such as material and contractor direct costs. The recommended solution was initially accepted but subsequently rejected by WMATA staff.
 - iii) Matching Funding: NVTA staff has material to review to finalize the matching funding question.
- e) If these projects are cancelled, WMATA can reapply with a definitive schedule for when 100% eight car trains can be deployed and documentation of the commitment of funding from the District of Columbia and that State of Maryland as well as resolution of future overhead charge levels.

- 5) Next Steps:** With a Finance Committee recommendation of cancellation, the Authority's Planning and Programming Committee could include the unencumbered amount of \$20.9 million for potential allocation to projects in the FY2020-2025 update to the Six Year Program per Authority approval at the July 9th meeting. Many of those projects have projected nearer term congestion reducing benefits.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members, NVTA Finance Committee

FROM: Richard Stavros, Investment & Debt Manager

DATE: June 12, 2020

SUBJECT: Investment Portfolio Report

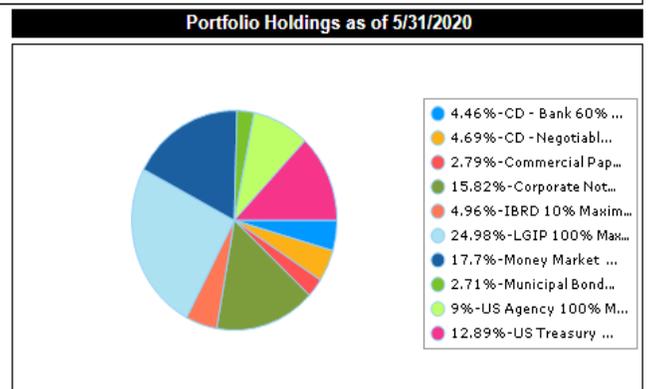
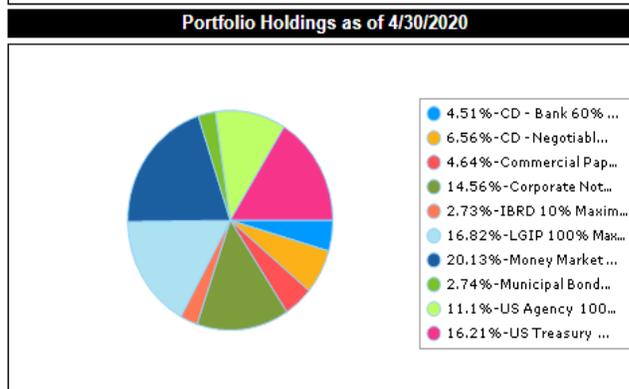
- 1) **Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) Finance Committee with required reports on investment activities and portfolio performance through May 31, 2020.
- 2) **Background:** This report is on investment activity through May 2020 and affirms the portfolio investments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



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

Begin Date: 4/30/2020, End Date: 5/31/2020

Asset Category Allocation				
Asset Category	Book Value 4/30/2020	% of Portfolio 4/30/2020	Book Value 5/31/2020	% of Portfolio 5/31/2020
CD - Bank 60% Maximum	49,500,000.00	4.51	49,500,000.00	4.46
CD - Negotiable 25% Maximum	72,000,000.00	6.56	52,000,000.00	4.69
Commercial Paper 30% / 5% Maximum	50,874,725.00	4.64	30,954,590.83	2.79
Corporate Notes 50% Maximum	159,799,894.67	14.56	175,432,822.97	15.82
IBRD 10% Maximum	30,002,770.51	2.73	55,019,919.49	4.96
LGIP 100% Maximum	184,615,298.21	16.82	277,001,186.77	24.98
Money Market 60% Maximum	220,935,124.60	20.13	196,278,070.32	17.70
Municipal Bonds - US 75% Maximum	30,018,519.97	2.74	30,017,527.95	2.71
US Agency 100% Maximum	121,821,281.86	11.10	99,775,019.91	9.00
US Treasury 100% Maximum	177,913,103.30	16.21	142,941,568.07	12.89
Total / Average	1,097,480,718.12	100.00	1,108,920,706.31	100.00



3) Current Period Reports:

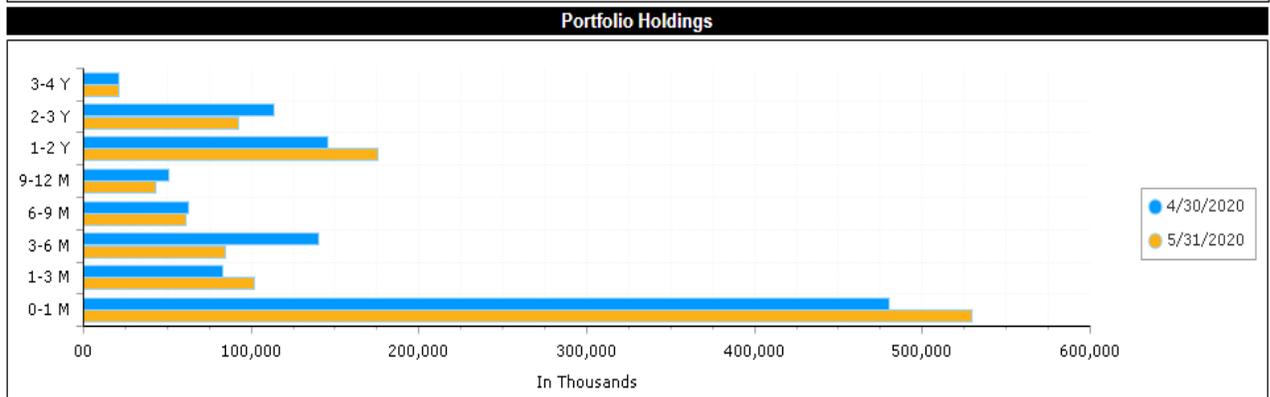
- a. The safety of the portfolio is reflected in the actual composition of the portfolio as shown above.



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

Begin Date: 4/30/2020, End Date: 5/31/2020

Maturity Range Allocation				
Maturity Range	Book Value 4/30/2020	% of Portfolio 4/30/2020	Book Value 5/31/2020	% of Portfolio 5/31/2020
0-1 Month	480,515,168.09	43.78	529,248,605.52	47.73
1-3 Months	82,917,592.20	7.56	101,944,220.21	9.19
3-6 Months	139,942,542.60	12.75	84,930,541.25	7.66
6-9 Months	62,406,216.10	5.69	61,260,956.53	5.52
9-12 Months	51,143,292.68	4.66	42,933,081.87	3.87
1-2 Years	145,909,408.78	13.29	175,425,505.45	15.82
2-3 Years	113,646,497.67	10.36	92,177,795.48	8.31
3-4 Years	21,000,000.00	1.91	21,000,000.00	1.89
Total / Average	1,097,480,718.12	100.00	1,108,920,706.31	100.00



- b. The liquidity of the portfolio is reflected in the portfolio's duration of .37 (1.0 = 1 year) and the maturity schedule shown above.

NVTA Investment Benchmarks	May-20 Month End
Fed Funds Rate	0.05%
Treasury 90 Day T Bill	0.11%
Local Government Investment Pool	0.68%
Virginia Non-Arbitrage Program	0.67%
NVTA Performance	1.37%

Source: Bloomberg, Statements

- c. The yield on the portfolio at the end of May 2020 was 1.37. 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 Pool (25%)
- ii) Collateralized bank money market accounts (17%)
- iii) AAA/AA rated investment grade corporate bonds (16%)

b) **Liquidity:**

- i) The NVTA Portfolio average duration was .37 – less than 6 months – continued to reflect a significant decline in investment activity during the Covid-19 crises as staff has exercised caution in a more challenging economic and investment environment.
- ii) 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 to participate in the ultimate U.S. economic recovery, which will cause the portfolio duration to remain at present levels, and offering exceptional liquidity during this period.

c) **Yield:**

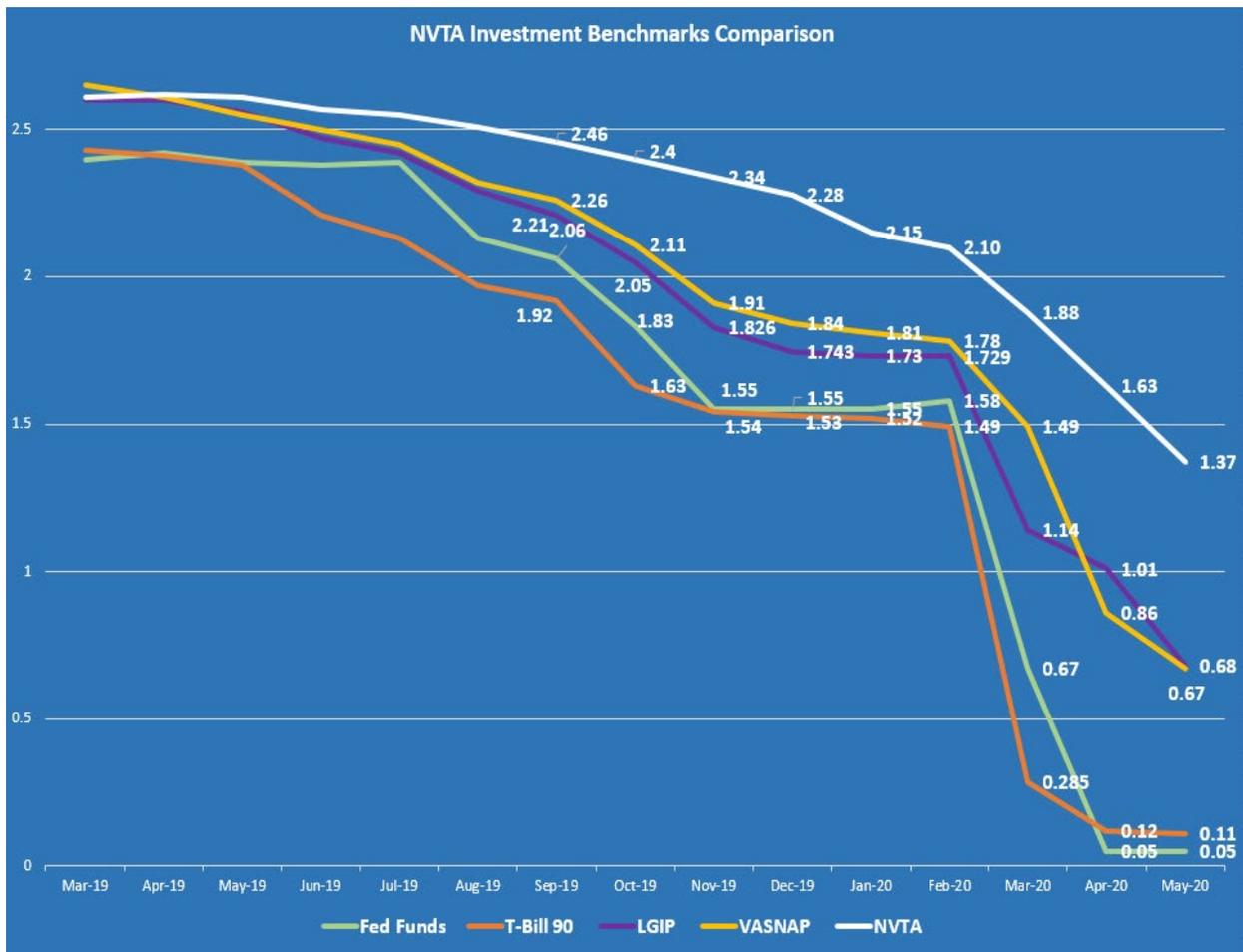
i) **In Covid-19's Shadow – A 14-Month Performance Milestone**

As of March, NVTA quietly celebrated a performance milestone – marking the 12th month in a row whereas NVTA continued to outperform its benchmarks, which was repeated this May, for a current total of 14 months.

(a) **NVTA Alpha:** With an annualized performance measure now in hand, the annual average of our benchmarks was 1.95 percent, whereas NVTA generated 2.37 percent in yield in the 12 months ending in March, or 42 basis points over NVTA's benchmarks, or nearly \$4.2 million in Alpha was generated.

1. **Alpha**, often considered the active return on an investment gauges the performance of an investment against a market index or benchmark that is considered to represent the market's movement as a whole. The Excess Return of an investment relative to the return of a benchmark index is the investment's alpha, or the return or value produced by active portfolio managers.

- **Rate Strategy Implications:** As noted previously, while there are still many safe, liquid and fair yielding investments, staff acknowledges that over time NVTA's portfolio performance will move (decline) with the market. Though there is hope that as COVID-19 lockdowns end and the economy begins to open and recover there will be significantly better yield opportunities than in the present sub-zero, rate environment.



- 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.

Attachments: 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

Portfolio Holdings Compliance - GASB 40 Report - As of 5/31/2020

Issuer	Face Amount	Book	Market	Credit	Credit	Portfolio %	Maturity Date	YTM @	Duration To
	Shares	Value	Value	Rating 1	Rating 2			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	12/26/2020	1.700	0.57
United Bank1.81 8/2/2020	30,000,000.00	30,000,000.00	30,000,000.00	NR	NR	2.71	08/02/2020	1.810	0.17
United Bank1.9 1/14/2021	10,000,000.00	10,000,000.00	10,000,000.00	NR	NR	0.90	01/14/2021	1.900	0.62
Sub Total / Average CD	49,500,000.00	49,500,000.00	49,500,000.00			4.47		1.807	0.34
Commercial Paper									
JP Morgan Securities 0 6/19/2020	12,000,000.00	11,987,840.00	11,828,920.00	S&P-A1	Moodys-P1	1.08	06/19/2020	1.948	0.05
JP Morgan Securities 0 6/19/2020	14,000,000.00	13,985,813.33	13,800,406.66	S&P-A1	Moodys-P1	1.26	06/19/2020	1.948	0.05
JP Morgan Securities 0 8/14/2020	5,000,000.00	4,980,937.50	4,930,650.42	S&P-A1	Moodys-P1	0.45	08/14/2020	1.855	0.21
Sub Total / Average CP	31,000,000.00	30,954,590.83	30,559,977.08			2.80		1.933	0.08
Corporate Bond									
ADP 2.25 9/15/2020	5,000,000.00	4,996,258.03	5,019,650.00	S&P-AA	Moodys-Aa3	0.45	09/15/2020	2.512	0.29
Apple Corp.1.7 9/11/2022	16,145,000.00	16,109,004.72	16,645,979.35	S&P-AA+	Moodys-Aa1	1.46	09/11/2022	1.800	2.24
Apple Corp.Var. Corp 2/9/2022	5,011,000.00	5,040,277.75	5,039,412.37	S&P-AA+	Moodys-Aa1	0.45	02/09/2022	0.948	0.00
Apple Corp. 2 11/13/2020	5,000,000.00	4,984,277.98	5,028,750.00	S&P-AA+	Moodys-Aa1	0.45	11/13/2020	2.718	0.45
Bank of New YorkVar. Corp 6/4/2021 -20	8,258,000.00	8,265,807.78	8,258,000.00	S&P-AA-	Moodys-Aa2	0.75	06/04/2021	1.534	0.00
Berkshire Hathaway2.2 3/15/2021	7,386,000.00	7,350,661.93	7,480,097.64	S&P-AA	Moodys-Aa2	0.67	03/15/2021	2.833	0.78
Berkshire Hathaway2.2 3/15/2021	10,000,000.00	10,010,664.09	10,127,400.00	S&P-AA	Moodys-Aa2	0.90	03/15/2021	2.061	0.78
Berkshire Hathaway2.75 3/15/2023-23	10,000,000.00	10,574,952.14	10,646,500.00	S&P-AA	Moodys-Aa2	0.90	03/15/2023	0.665	2.69
Chevron Corp. 2.1 5/16/2021	5,560,000.00	5,518,089.18	5,643,566.80	S&P-AA	Moodys-Aa2	0.50	05/16/2021	2.923	0.95
Chevron Corp. 2.1 5/16/2021	5,000,000.00	5,053,666.67	5,075,150.00	S&P-AA	Moodys-Aa2	0.45	05/16/2021	0.973	0.95
Exxon Mobil Corp Var. Corp 3/6/2022	1,000,000.00	1,004,380.51	999,130.00	S&P-AA	Moodys-Aa1	0.09	03/06/2022	1.371	0.00
Exxon Mobil Corp Var. Corp 3/6/2022	7,500,000.00	7,531,190.43	7,493,475.00	S&P-AA	Moodys-Aa1	0.68	03/06/2022	1.371	0.00
Exxon Mobil Corp Var. Corp 8/16/2022	10,000,000.00	10,034,962.46	9,966,500.00	S&P-AA	Moodys-Aa1	0.90	08/16/2022	0.716	0.00

Issuer	Face Amount	Book	Market	Credit	Credit	Portfolio %	Maturity Date	YTM @	Duration To
	Shares	Value	Value	Rating 1	Rating 2			Cost	Maturity
IBRD 1.75 1/27/2023-21	30,000,000.00	30,002,684.79	30,238,500.00	S&P-AAA	Moodys-Aaa	2.71	01/27/2023	1.746	2.59
IBRD ADBVar. Corp 12/15/2021	25,000,000.00	25,017,234.70	24,971,500.00	S&P-AAA	Moodys-Aaa	2.26	12/15/2021	0.751	0.00
Johnson and Johnson2.95 9/1/2020	5,000,000.00	5,005,881.62	5,032,750.00	S&P-AAA	Moodys-Aaa	0.45	09/01/2020	2.472	0.25
Microsoft Corp 1.55 8/8/2021	5,000,000.00	4,926,426.28	5,069,600.00	S&P-AAA	Moodys-Aaa	0.45	08/08/2021	2.850	1.17
Proctor and Gamble Co. 1.9 10/23/2020	5,000,000.00	4,983,813.53	5,027,900.00	S&P-AA-	Moodys-Aa3	0.45	10/23/2020	2.746	0.39
Toyota Motor Credit corpVar. Corp 5/17/2	10,000,000.00	10,028,259.58	9,862,800.00	S&P-AA-	Moodys-A1	0.90	05/17/2022	0.786	0.00
Toyota Motor Credit corp 2.8 7/13/2022	5,305,000.00	5,408,540.06	5,509,932.15	S&P-AA-	Moodys-A1	0.48	07/13/2022	1.851	2.05
Toyota Motor Credit corp Var. Corp 1/11/	4,607,000.00	4,637,774.56	4,597,647.79	S&P-AA-	Moodys-A1	0.42	01/11/2022	2.001	0.00
Toyota Motor Credit corp Var. Corp 1/11/	900,000.00	906,011.96	898,173.00	S&P-AA-	Moodys-A1	0.08	01/11/2022	2.001	0.00
Toyota Motor Credit corp Var. Corp 10/7/	10,000,000.00	10,019,618.86	9,950,600.00	S&P-AA-	Moodys-A1	0.90	10/07/2021	1.677	0.00
Toyota Motor Credit corp Var. Corp 10/7/	20,000,000.00	20,055,308.31	19,901,200.00	S&P-AA-	Moodys-A1	1.81	10/07/2021	1.677	0.00
Toyota Motor Credit corp Var. Corp 8/13/	3,000,000.00	3,000,000.00	2,983,500.00	S&P-AA-	Moodys-A1	0.27	08/13/2021	0.559	0.00
WalmartVar. Corp 6/23/2021	5,000,000.00	5,008,434.78	5,009,950.00	S&P-AA	Moodys-Aa2	0.45	06/23/2021	1.425	0.00
Walmart Corp 1.9 12/15/2020	5,000,000.00	4,978,559.76	5,043,050.00	S&P-AA	Moodys-Aa2	0.45	12/15/2020	2.722	0.53
Sub Total / Average Corporate Bond	229,672,000.00	230,452,742.46	231,520,714.10			20.73		1.627	0.83
FFCB Bond									
FFCBVar. FFCB 9/13/2021	5,000,000.00	5,000,000.00	5,002,100.00	S&P-AA+	Moodys-Aaa	0.45	09/13/2021	0.783	0.00
FFCB 1.85 3/3/2022	5,000,000.00	4,999,119.51	5,013,450.00	S&P-AA+	Moodys-Aaa	0.45	03/03/2022	1.860	1.73
FFCB Var. FFCB 10/27/2021	20,000,000.00	19,998,207.21	19,957,000.00	S&P-AA+	Moodys-Aaa	1.81	10/27/2021	0.891	0.00
FFCB Var. FFCB 11/7/2022	10,000,000.00	10,039,267.53	10,034,600.00	S&P-AA+	Moodys-Aaa	0.90	11/07/2022	0.550	0.00
FFCB Var. FFCB 5/16/2022	10,000,000.00	10,007,891.62	10,019,800.00	S&P-AA+	Moodys-Aaa	0.90	05/16/2022	0.400	0.00
Sub Total / Average FFCB Bond	50,000,000.00	50,044,485.87	50,026,950.00			4.51		0.811	0.17
FHLB Bond									
FHLB 1.67 8/25/2023-21	21,000,000.00	21,000,000.00	21,192,150.00	S&P-AA+	Moodys-Aaa	1.90	08/25/2023	1.670	3.15
FHLB 2.875 9/11/2020	5,000,000.00	4,999,413.94	5,037,150.00	S&P-AA+	Moodys-Aaa	0.45	09/11/2020	2.917	0.28
Sub Total / Average FHLB Bond	26,000,000.00	25,999,413.94	26,229,300.00			2.35		1.910	2.60
FHLMC Bond									
FHLMC 1.875 11/17/2020	5,000,000.00	4,976,818.18	5,038,550.00	S&P-AA+	Moodys-Aaa	0.45	11/17/2020	2.910	0.46
Sub Total / Average FHLMC Bond	5,000,000.00	4,976,818.18	5,038,550.00			0.45		2.910	0.46
Local Government Investment Pool									
Commonwealth of VirginiaLGIP	11,985.99	11,985.99	11,985.99	S&P-AAA	NR	0.00	N/A	0.675	0.00
Commonwealth of Virginia LGIP	73,527,899.71	73,527,899.71	73,527,899.71	S&P-AAA	NR	6.64	N/A	0.675	0.00
VIP Stable NAV LGIP	203,461,301.07	203,461,301.07	203,461,301.07	S&P-AAA	NR	18.36	N/A	0.700	0.00
Sub Total / Average LGIP	277,001,186.77	277,001,186.77	277,001,186.77			25.00		0.693	0.00

Issuer	Face Amount	Book	Market	Credit	Credit	Portfolio %	Maturity Date	YTM @	Duration To
	Shares	Value	Value	Rating 1	Rating 2			Cost	Maturity
Money Market									
Access National Bank MM	57,646,934.49	57,646,934.49	57,646,934.49	NR	NR	5.20	N/A	0.880	0.00
BB&T MM	209,733.53	209,733.53	209,733.53	NR	NR	0.02	N/A	0.160	0.00
John Marshall Bank ICS MM	47,555,294.41	47,555,294.41	47,555,294.41	NR	NR	4.29	N/A	0.985	0.00
United Bank MM	90,866,107.89	90,866,107.89	90,866,107.89	NR	NR	8.20	N/A	0.870	0.00
Sub Total / Average Money Market	196,278,070.32	196,278,070.32	196,278,070.32			17.72		0.900	0.00
Municipal Bond									
NYC GO 1.58 8/1/2021	20,000,000.00	20,009,144.17	20,098,600.00	S&P-AA	Moodys-Aa1	1.81	08/01/2021	1.541	1.16
NYC GO 1.58 8/1/2022	10,000,000.00	10,008,383.78	10,079,800.00	S&P-AA	Moodys-Aa1	0.90	08/01/2022	1.541	2.13
Sub Total / Average Municipal Bond	30,000,000.00	30,017,527.95	30,178,400.00			2.71		1.541	1.48
Negotiable Certificate Of Deposit									
Rabobank NY2.05 7/17/2020	17,000,000.00	17,000,000.00	17,044,710.00	S&P-A1	Moodys-P1	1.53	07/17/2020	2.050	0.13
TD Bank NY 2.05 6/26/2020	10,000,000.00	10,000,000.00	10,014,600.00	S&P-A1+	Moodys-P1	0.90	06/26/2020	2.050	0.07
TD Bank NY 2.08 7/15/2020	10,000,000.00	10,000,000.00	10,025,000.00	S&P-A1+	Moodys-P1	0.90	07/15/2020	2.080	0.12
TD Bank NY 2.5 3/23/2021	15,000,000.00	15,000,000.00	15,127,200.00	S&P-A1+	Moodys-P1	1.35	03/23/2021	2.500	0.81
Sub Total / Average Negotiable CD	52,000,000.00	52,000,000.00	52,211,510.00			4.69		2.186	0.31
Treasury Note									
T-Note 1.375 10/31/2020	10,000,000.00	9,954,065.27	10,048,800.00	S&P-AA+	Moodys-Aaa	0.90	10/31/2020	2.504	0.42
T-Note 1.5 6/15/2020	10,000,000.00	9,995,818.20	10,005,300.00	S&P-AA+	Moodys-Aaa	0.90	06/15/2020	2.542	0.04
T-Note 1.5 8/15/2020	10,000,000.00	9,979,535.80	10,028,200.00	S&P-AA+	Moodys-Aaa	0.90	08/15/2020	2.506	0.21
T-Note 1.5 8/15/2020	10,000,000.00	9,989,768.28	10,028,200.00	S&P-AA+	Moodys-Aaa	0.90	08/15/2020	2.000	0.21
T-Note 1.5 8/15/2020	5,000,000.00	4,994,987.32	5,014,100.00	S&P-AA+	Moodys-Aaa	0.45	08/15/2020	1.990	0.21
T-Note 1.625 10/15/2020	10,000,000.00	9,986,862.16	10,052,700.00	S&P-AA+	Moodys-Aaa	0.90	10/15/2020	1.981	0.37
T-Note 1.625 7/31/2020	5,000,000.00	4,997,060.57	5,012,400.00	S&P-AA+	Moodys-Aaa	0.45	07/31/2020	1.983	0.17
T-Note 2 11/30/2020	5,000,000.00	5,001,776.45	5,045,100.00	S&P-AA+	Moodys-Aaa	0.45	11/30/2020	1.927	0.50
T-Note 2 11/30/2020	6,000,000.00	6,004,636.82	6,054,120.00	S&P-AA+	Moodys-Aaa	0.54	11/30/2020	1.842	0.50
T-Note 2.375 12/31/2020	7,000,000.00	7,021,681.58	7,088,900.00	S&P-AA+	Moodys-Aaa	0.63	12/31/2020	1.835	0.58
T-Note 2.5 6/30/2020	10,000,000.00	9,999,876.90	10,019,000.00	S&P-AA+	Moodys-Aaa	0.90	06/30/2020	2.514	0.08
T-Note 2.625 7/31/2020	10,000,000.00	10,001,930.74	10,041,300.00	S&P-AA+	Moodys-Aaa	0.90	07/31/2020	2.506	0.17
T-Note 2.625 8/31/2020	5,000,000.00	5,008,068.49	5,030,850.00	S&P-AA+	Moodys-Aaa	0.45	08/31/2020	1.971	0.25
T-Note 2.75 9/15/2021	10,000,000.00	9,970,417.44	10,329,700.00	S&P-AA+	Moodys-Aaa	0.90	09/15/2021	2.990	1.27
T-Note 2.75 9/30/2020	10,000,000.00	9,997,377.92	10,084,000.00	S&P-AA+	Moodys-Aaa	0.90	09/30/2020	2.831	0.33
T-Note 2.75 9/30/2020	10,000,000.00	10,007,886.77	10,084,000.00	S&P-AA+	Moodys-Aaa	0.90	09/30/2020	2.507	0.33
T-Note 2.75 9/30/2020	5,000,000.00	5,014,940.88	5,042,000.00	S&P-AA+	Moodys-Aaa	0.45	09/30/2020	1.841	0.33

T-Note 2.75 9/30/2020	5,000,000.00	5,014,876.48	5,042,000.00	S&P-AA+	Moodys-Aaa	0.45	09/30/2020	1.845	0.33
Sub Total / Average Treasury Note	143,000,000.00	142,941,568.07	144,050,670.00			12.91		2.311	0.35
TVA Bond									
TVA 3.875 2/15/2021	5,000,000.00	5,029,174.42	5,140,450.00	S&P-AA+	Moodys-Aaa	0.45	02/15/2021	3.017	0.70
TVA 3.875 2/15/2021	13,500,000.00	13,725,127.50	13,879,215.00	S&P-AA+	Moodys-Aaa	1.22	02/15/2021	1.500	0.70
Sub Total / Average TVA Bond	18,500,000.00	18,754,301.92	19,019,665.00			1.67		1.910	0.70
Total / Average	1,107,951,257.09	1,108,920,706.31	1,111,614,993.27			100		1.374	0.37

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chairman Parrish and Members of the NVTa Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: June 12, 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 May 2020.
3. **Comments:**
 - a. **FY2020 Revenues (Attachment A)**
 - i. The Authority has received approximately \$213.1 million through the May 2020 transfers from the Commonwealth.
 - ii. Actual May 2020 sales tax revenue (nine months of sales tax receipts annualized) compared to FY2020 budgeted revenue shows a 5.5% positive variance but these receipts only represent approximately 10-15 days of economic shutdown resulting from the COVID pandemic. The FY2020 budgeted revenue includes a 2.5% growth factor from the prior year.
 - iii. There is a two-month lag between a sales tax transaction and the receipt of sales tax by the Authority, therefore the start of the significant impact of shuttered businesses and the deferral of sales tax remittances by the Governor will not be seen until the June 2020 receipts, which represent the distribution of April's sales tax.
 - iv. The majority of the positive variance prior to COVID can be attributed to the newly taxed internet sales, but NVTa lacks the data to differentiate the internet sales from the projected annual base growth of approximately 2.5%.
 - v. As of May 2020, the Authority has received \$2.8 million in Heavy Truck Registration and Diesel Fuel (HB2718/SB1716; I-81) receipts. This represents 9 months of receipts. Staff expects a further decline in this revenue source as a result of COVID.
 - 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 May 2020, all Local Distribution funds have been distributed to member jurisdictions. The Local Distribution to member localities is continuing to be disbursed on a timely basis.

- c. **FY2015 to FY2020 Year over Year Revenue Comparison (Attachment C).** 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 May 2020.

- d. **Sales Tax Forecast Model V. Projection (Attachment D).** This chart reflects tracking of current fiscal year revenue on an actual to projection basis using the Palisade's Stat Tools. The reports from the tool are forecasting actual revenue to exceed NVTA projections prior to the COVID pandemic. However, the tool is unable to compensate for the loss of revenue resulting from the shuttering of businesses nor segregate usual annual growth in sales tax from the newly implemented internet sales tax receipts.

Attachments:

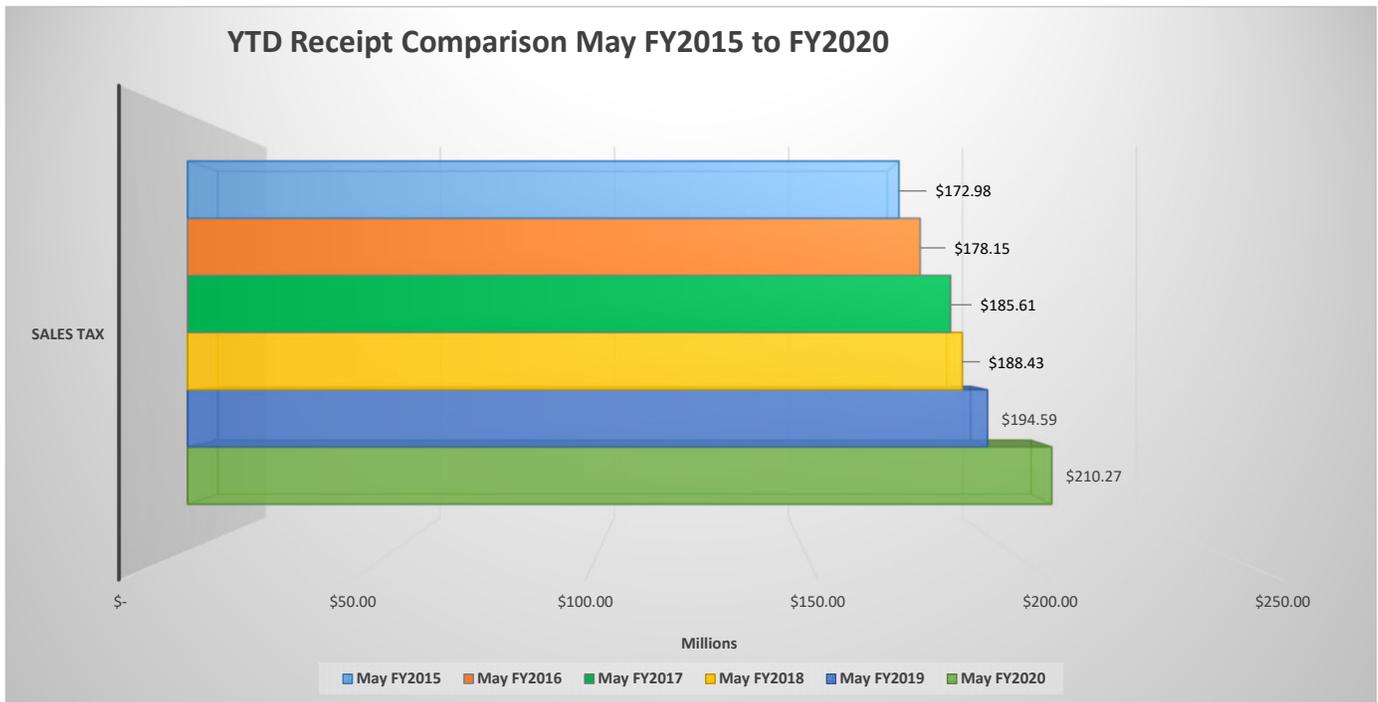
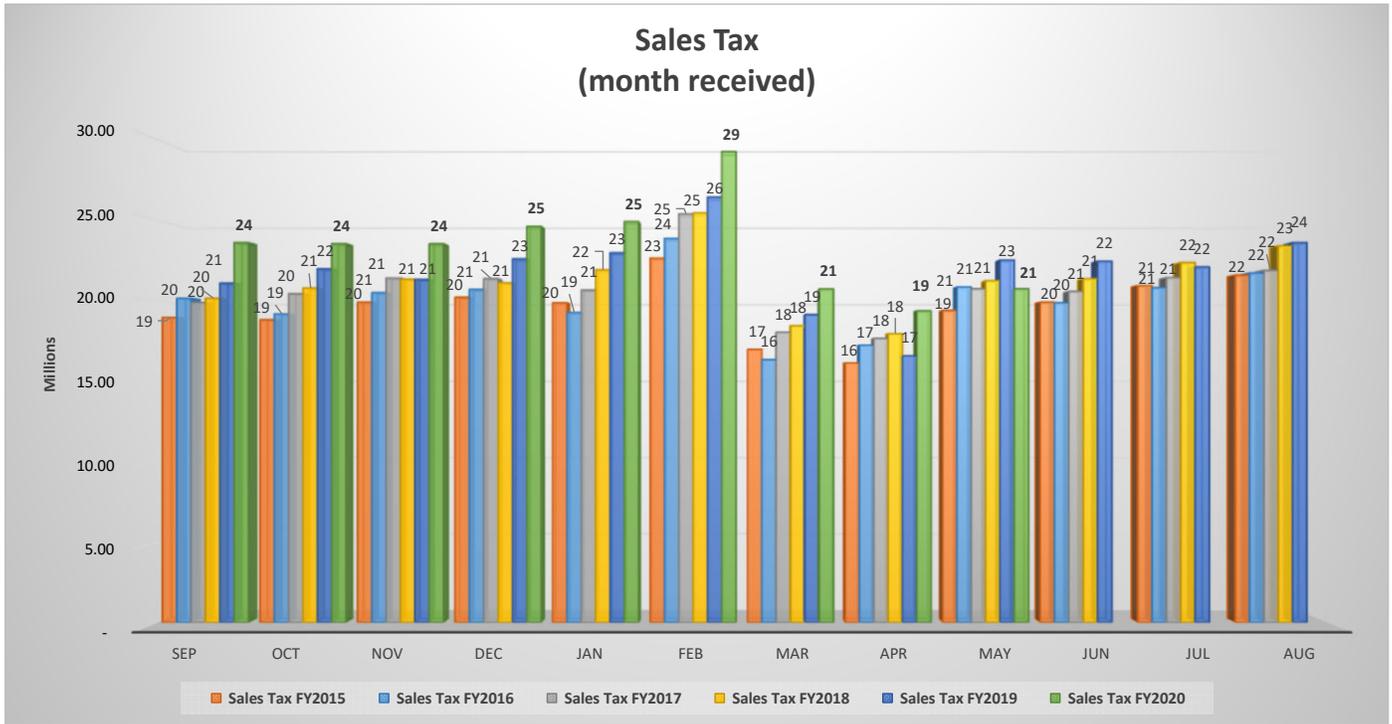
- A. Sales Tax Revenues Received Compared to NVTA Estimates, Through May 2020
- B. FY2020 30% Distribution by Jurisdiction, through May 2020
- C. Month to Month Comparison of Sales Tax Revenue and YTD Receipts for May 2015 to 2020
- D. Palisade's Stat Tool Analysis of FY2020 Revenue Actual to Projections

Attachment A

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

Regional Sales Tax		Annualized			
Transaction Months	9	Received	Revenue based	FY2020	Annualized - Actual
		To Date	on YTD Receipts	Budget	To Budget
City of Alexandria		\$ 13,573,796	\$ 18,098,394	\$ 16,379,177	\$ 1,719,217
Arlington County		21,097,645	28,130,193	25,943,302	2,186,891
City of Fairfax		5,750,821	7,667,761	7,506,931	160,830
Fairfax County		89,042,858	118,723,811	114,583,396	4,140,415
City of Falls Church		2,325,782	3,101,043	2,777,700	323,343
Loudoun County		40,738,279	54,317,706	52,470,000	1,847,706
City of Manassas		4,814,062	6,418,749	5,202,000	1,216,749
City of Manassas Park		1,208,537	1,611,382	1,469,727	141,655
Prince William County		31,723,067	42,297,423	39,514,160	2,783,263
Total Sales Tax Revenue		<u>\$ 210,274,846</u>	<u>\$ 280,366,462</u>	<u>\$ 265,846,393</u>	<u>\$ 14,520,069</u>
					5.5%

Vehicle License-Registration Fees		Annualized			
Transaction Months	9	Received	Revenue based	FY2020	Annualized - Actual
		To Date	on YTD Receipts	Budget	To Budget
City of Alexandria		\$ 183,987	\$ 245,316	\$ 564,162	\$ (318,846)
Arlington County		\$ 274,941	366,589	932,871	(566,282)
City of Fairfax		\$ 78,790	105,053	248,699	(143,645)
Fairfax County		\$ 1,191,753	1,589,004	3,850,016	(2,261,013)
City of Falls Church		\$ 31,810	42,414	88,448	(46,035)
Loudoun County		\$ 552,433	736,578	1,768,831	(1,032,253)
City of Manassas		\$ 66,904	89,206	170,283	(81,077)
City of Manassas Park		\$ 16,921	22,562	52,506	(29,945)
Prince William County		\$ 429,354	572,471	1,324,184	(751,712)
Total Vehicle License-Registration Fees		<u>\$ 2,826,893</u>	<u>\$ 3,769,191</u>	<u>\$ 9,000,000</u>	<u>\$ (5,230,809)</u>
					-58.1%
Total Revenue Received		<u>\$ 213,101,739</u>	<u>\$ 284,135,653</u>	<u>\$ 274,846,393</u>	<u>\$ 9,289,260</u>
		<u>\$ 213,101,739</u>			3.38%



ATTACHMENT D

NVTA Sales Tax Revenue Forecast: Model vs Actual vs Projection											
FY	Forecasting Data	Monthly Actual	Model Factors			Monthly Model Forecast	Statistical Variance	End of Year		Actual YTD	
			Level	Trend	Season			Model Forecast	NVTA Projected		
	Sep-2017	\$20154895.20	\$20,864,352.71	35,416	0.99	\$20,722,798	-567902.73			\$20,154,895	
	Oct-2017	\$20786302.49	\$20,903,227.34	35,512	0.99	\$20,769,329	16973.18			\$40,941,198	
	Nov-2017	\$21343035.02	\$20,959,891.57	36,097	1.01	\$21,237,090	105944.82			\$62,284,233	
	Dec-2017	\$21115954.89	\$20,911,253.71	33,751	1.03	\$21,545,348	-429393.28			\$83,400,188	
	Jan-2018	\$21915158.59	\$21,091,436.21	37,806	1.01	\$21,183,799	731359.69			\$105,315,346	
	Feb-2018	\$25453242.98	\$21,127,644.32	37,761	1.21	\$25,462,750	-9507.34			\$130,768,589	
	Mar-2018	\$18454177.89	\$21,240,448.64	39,839	0.86	\$18,136,627	317550.70			\$149,222,767	
	Apr-2018	\$17961787.93	\$21,391,277.89	42,912	0.82	\$17,510,779	451009.24			\$167,184,555	
	May-2018	\$21248451.07	\$21,386,405.66	41,589	1.00	\$21,484,983	-236532.22			\$188,433,006	
	Jun-2018	\$21365953.89	\$21,443,521.99	42,019	0.99	\$21,289,772	76181.62			\$209,798,960	
	Jul-2018	\$22367630.32	\$21,557,902.47	44,023	1.02	\$22,001,707	365922.93			\$232,166,590	
FY18	Aug-2018	\$23408268.73	\$21,691,305.71	46,498	1.06	\$22,939,554	468714.66	\$254,284,538	\$255,571,902	\$255,574,859	
	Sep-2018	\$21094228.16	\$21,660,657.95	44,362	0.99	\$21,470,508	-376279.56			\$21,094,228	
	Oct-2018	\$21988380.92	\$21,790,364.81	46,725	0.99	\$21,569,554	418826.45			\$43,082,609	
	Nov-2018	\$21319898.61	\$21,671,706.22	42,145	1.01	\$22,148,241	-828342.41			\$64,402,508	
	Dec-2018	\$22602475.35	\$21,777,094.66	43,897	1.03	\$22,281,994	320481.62			\$87,004,983	
	Jan-2019	\$22970788.81	\$22,001,390.85	48,892	1.01	\$22,069,772	901016.46			\$109,975,772	
	Feb-2019	\$26427800.56	\$22,025,935.34	48,217	1.21	\$26,572,692	-144891.40			\$136,403,572	
	Mar-2019	\$19145453.91	\$22,128,534.65	49,723	0.86	\$18,915,332	230121.79			\$155,549,026	
	Apr-2019	\$16589175.00	\$21,769,618.75	38,409	0.82	\$18,249,686	-1660510.65			\$172,138,201	
	May-2019	\$22525822.45	\$21,942,597.36	42,135	1.00	\$21,859,706	666116.28			\$194,664,024	
	Jun-2019	\$22453420.16	\$22,109,161.67	45,580	0.99	\$21,842,918	610502.19			\$217,117,444	
	Jul-2019	\$22103784.06	\$22,039,413.78	42,387	1.02	\$22,686,984	-583200.43			\$239,221,228	
FY19	Aug-2019	\$23605506.73	\$22,111,617.66	43,212	1.06	\$23,449,144	156362.84	\$263,116,532	\$258,926,224*	\$262,826,735	
	Sep-2019	\$23603917.67	\$22,507,776.88	52,985	0.99	\$21,882,406	1721511.32			\$23,603,918	
	Oct-2019	\$23492820.82	\$22,779,381.94	59,038	0.99	\$22,419,956	1072865.04			\$47,096,738	
	Nov-2019	\$23534125.70	\$22,912,349.87	61,085	1.01	\$23,163,839	370286.41			\$70,630,864	
	Dec-2019	\$24619413.33	\$23,179,628.61	66,794	1.03	\$23,574,534	1044879.36			\$95,250,278	
	Jan-2020	\$24912972.81	\$23,527,031.79	74,564	1.01	\$23,511,455	1401517.42			\$120,163,250.33	
	Feb-2020	\$29246546.40	\$23,736,760.36	78,307	1.21	\$28,442,172	804374.01			\$149,409,796.73	
	Mar-2020	\$20741063.97	\$23,893,983.60	80,492	0.86	\$20,407,121	333943.32			\$170,150,860.70	
	Apr-2020	\$19373987.00	\$23,887,422.24	78,081	0.82	\$19,727,728	-353740.88			\$189,524,847.70	
	May-2020	\$20749997.78	\$23,304,428.03	59,777	1.00	\$24,022,295	-3272297.15			\$210,274,845.48	
	Jun-2020					\$23,213,493					
	Jul-2020					\$23,986,717					
FY20	Aug-2020	*Current Fiscal Year Projection					\$24,937,914		\$279,289,630	\$265,846,393*	

NVTA Sales Tax Revenue Forecast 2014-2020: Model Observations

Winters' Exponential Smoothing Forecast

Forecasting Constants (Optimized)

Level (Alpha)	0.203
Trend (Beta)	0.028
Season (Gamma)	0.000

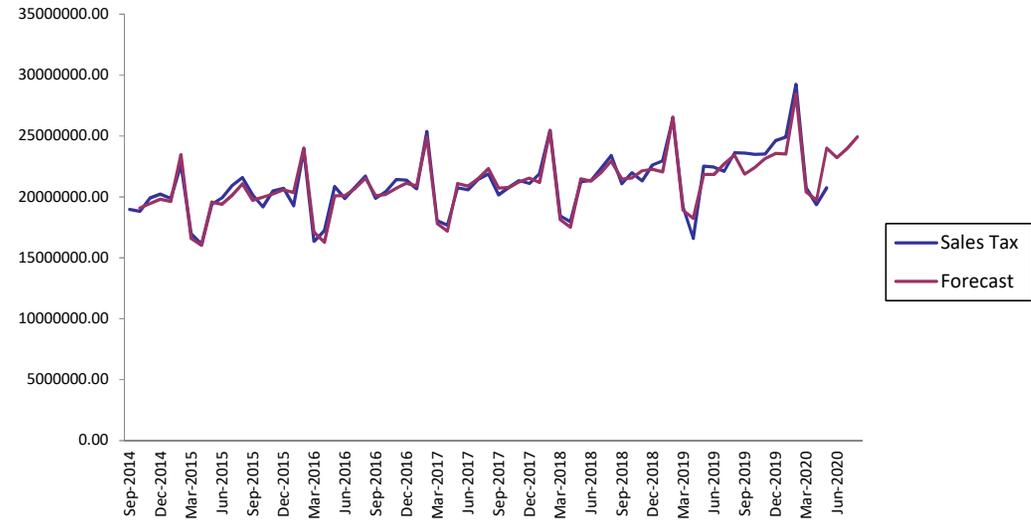
Winters' Exponential

Mean Abs Err	\$523,608.43
Root Mean Sq Err	\$718,021.40
Mean Abs Per% Err	2.51%

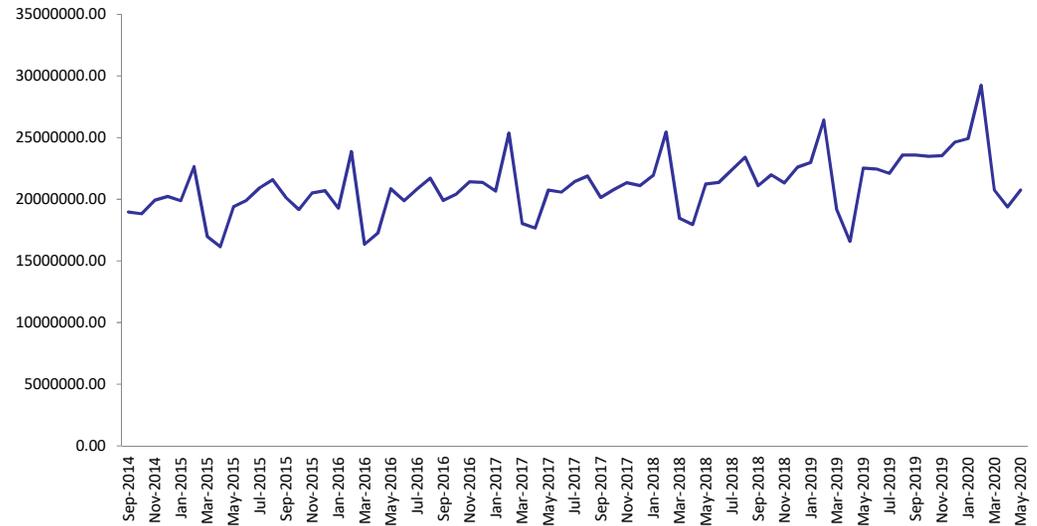
Description:

The Holt-Winters models three aspects of a time series: a typical value (average), a slope (trend) over time, and a cyclical repeating pattern (seasonality). Holt Winters uses exponential smoothing to encode values from the past and use them to predict "typical" values for the present and future.

Forecast and Original Observations



Original Observations



NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chairman Parrish and Members, NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: June 12, 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:** For the FY2020 Operating Budget, the Authority elected to fund the budget through transfers from the Regional Revenue Fund. FY2020 is the first year this transfer was an option for the Authority.
- 3. Comments:** Through May 31, 2020, the FY2020 Operating Budget has produced the following:
 - a.** The Operating Budget is 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.** May 2020 represents 92% of the fiscal year. At this point in time, the Authority has utilized 76% of its FY2020 expenditure budget with all account categories remaining within budget. The lower than budgeted FY2020 expenditures is attributed to the Project Implementation, Monitoring and Management System (PIMMS) budget of \$150,232 not being drawn on. Invoicing for PIMMS will follow the development and implementation phases of the project.
 - c.** The attached statement shows the total operating budget income and expenditure activity for FY2020 through May 31, 2020.

Attachment: FY2020 Operating Budget through May 31, 2020

06/09/20
15:21:44NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
Income Statement
For the Accounting Period: 5 / 20Page: 1 of 2
Report ID: LBI70A

1000 General Fund

Account Object	Description	----- Current Year -----				%
		Current Month	Current YTD	Budget	Variance	
Expenses						
410000	Personnel Expenses					
110	Salaries-Regular Pay	110,048.18	1,250,307.24	1,474,032.00	223,724.76	85
130	Health & Dental Benefits	13,085.30	158,155.25	243,109.00	84,953.75	65
131	Payroll Taxes	8,146.24	84,928.30	112,878.00	27,949.70	75
132	Retirement VRS	9,469.93	94,799.57	120,377.00	25,577.43	79
133	Life Insurance	1,551.44	14,775.56	19,223.00	4,447.44	77
134	Flex Spending/Dependent Care	57.08	507.80	874.00	366.20	58
135	Workers Comp		1,474.00	1,621.00	147.00	91
137	Disability Insurance	404.00	15,042.40	16,654.00	1,611.60	90
	Total Account	142,762.17	1,619,990.12	1,988,768.00	368,777.88	81
420000	Professional Services					
210	Audit & Accounting Services	9,000.00	26,000.00	29,500.00	3,500.00	88
220	Bank Service		20.00	750.00	730.00	3
230	Insurance		6,072.00	6,081.00	9.00	100
240	Payroll Services	116.78	1,824.36	2,606.00	781.64	70
260	Public Outreach & Regional Event Support	5,832.83	29,354.10	66,750.00	37,395.90	44
261	Legal/Bond Counsel Services		10,992.00	25,000.00	14,008.00	44
262	Financial Advisory Services		26,250.00	35,000.00	8,750.00	75
263	Bond Trustee Fees		2,687.50	2,700.00	12.50	100
264	Legislative Services	2,000.00	58,194.23	62,000.00	3,805.77	94
265	Investment Custody Svc		15,200.00	25,000.00	9,800.00	61
	Total Account	16,949.61	176,594.19	255,387.00	78,792.81	69
430000	Technology/Communication					
310	Acctg & Financial Report Systems	14,493.05	77,581.55	98,631.00	21,049.45	79
320	HW SW & Peripheral Purchase		9,413.06	5,600.00	-3,813.06	168
330	IT Support Svc Incl Hosting	2,481.23	28,147.37	23,374.00	-4,773.37	120
335	GIS/Project Mgt/Modeling		3,000.00	150,232.00	147,232.00	2
340	Phone Service & Web Ex Chgs	3,382.05	13,358.23	10,716.00	-2,642.23	125
350	Web Develop & Hosting	1,068.75	5,851.76	9,756.00	3,904.24	60
	Total Account	21,425.08	137,351.97	298,309.00	160,957.03	46
440000	Administrative Expenses					
410	Advertisement		195.00	1,500.00	1,305.00	13
411	Dues & Subscriptions	97.25	11,863.16	10,544.00	-1,319.16	113
412	Duplication & Printing		9,338.40	16,640.00	7,301.60	56
413	Furniture & Fixture		7,802.12	8,100.00	297.88	96
414	Hosted Meeting Expenses	95.40	3,991.33	3,780.00	-211.33	106
415	Mileage/Transportation	81.75	3,633.23	11,450.00	7,816.77	32
417	Office Lease	14,044.96	165,508.52	190,561.00	25,052.48	87
418	Office Supplies	251.17	3,829.04	8,065.00	4,235.96	47
419	Postage & Delivery		197.95	700.00	502.05	28
420	Professional Develop & Training	-393.24	9,210.23	23,650.00	14,439.77	39
	Total Account	14,177.29	215,568.98	274,990.00	59,421.02	78

1000 General Fund

Account Object	Description	----- Current Year -----				
		Current Month	Current YTD	Budget	Variance	%
	Total Expenses	195,314.15	2,149,505.26	2,817,454.00	667,948.74	76
	Net Income from Operations	-195,314.15	-2,149,505.26			
Other Revenue						
383000	Transfer Operating Budget from Regional Revenue		2,222,844.75	2,963,793.00	-740,948.25	75
	Total Other Revenue	0.00	2,222,844.75	2,963,793.00	-740,948.25	75
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	-195,314.15	73,339.49			