



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Thursday January 16, 2020 – 1:00 PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

AGENDA

- I. Call to Order/Welcome** Mayor Parrish, Chairman
- II. Summary Minutes of the November 21, 2019 Meeting**
Recommended Action: Approval [with abstentions from those who were not present]

Presentation

- III. Bloomberg Direct/Annual Best Ex Review** Mr. Stavros, Investment and Debt Manager

Action Item

- IV. Finance Committee Meeting Schedule for CY2020** Mayor Parrish, Chairman

Information/Discussion Items

- V. FY2021 Budget Guidance** Mr. Longhi, CFO
- VI. Policy 29 (Verbal Update)** Mr. Longhi, CFO
- VII. Investment Portfolio Report** Mr. Stavros, Investment & Debt Manager
- VIII. Monthly Revenue Report** Mr. Longhi, CFO
- IX. Monthly Operating Budget Report** Mr. Longhi, CFO

Adjournment

- X. Adjournment**

Next Scheduled Meeting February 20, 2020 at 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 November 21, 2019 – 1:00 PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

MEETING SUMMARY

I. Call to Order/Welcome

- Chairman Parrish called the meeting to order at 1:10 PM.
- Attendees:
 - ✓ Authority Members: Chairman Parrish, Chairman Nohe; Chairman Bulova; Mayor Rishell;
 - ✓ Other Authority Members: Board Member Cristol
 - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Richard Stavros (Investment & Debt Manager); Peggy Teal (Assistant Finance Officer); Dev Priya Sen (Financial Analyst)
 - ✓ Council of Counsels: Ellen Posner (Fairfax County – Department of Transportation); Rob Dickerson (Prince William County)
 - ✓ Other Attendees: Anna McDonald (United Bank); Mary L. Anderson (United Bank); Tarrence Moorer (Alexandria); Rich Roisman (Arlington County); Sarah Sade (Loudoun); Jessica Futrell (Loudoun); Noelle Dominguez (Fairfax County) Brittany Martin (Prince William County); Kristy Choi (PFM); Antonio Olivo (The Washington Post)

II. Summary Minutes of the October 17, 2019 Meeting

- Mayor Rishell moved approval of the minutes of the meeting; seconded by Chairman Bulova. Motion carried unanimously

Presentation

III. NVTA Community Bank Program

Mr. Stavros, Investment and Debt Manager
Ms. Anna McDonald, United Bank

- Mr. Longhi introduced NVTA's Community Bank Program, an idea that began in Arlington County where the Treasurer implemented a successful program that was focused on ensuring good community relationships between banks and the county.
- Mr. Longhi noted NVTA is different than other organizations in that the institution needs a large level of immediately available liquidity that usually earns low interest rates.
- What the Community Bank Program achieves is it allows the community banks to use NVTA as a funding source, meaning these dollars that were raised in Northern Virginia stay in Northern Virginia.
- Mr. Longhi added that NVTA has not allowed some banks to participate, as the Investment Policy sets high measures on the minimum size and performance of the bank, as well as reviewing the quality of its management and history of oversight.

- Mr. Stavros continued the presentation, noting that the Community Bank Program is considered a core part of satisfying goal #4 of NVTA's 5-year strategic plan, which is to support transportation infrastructure development through excellent stewardship of taxpayer dollars.
- And the NVTA Community Bank Program identifies high quality financial institutions with common core values that are aligned with NVTA's responsibility of upholding the public trust, Mr. Stavros added.
- Highlighting a slide that summarized the NVTA's community bank relationships, Mr. Stavros noted much like NVTA's U.S. Treasuries and Agencies holdings that are guaranteed by the U.S. government, the community bank money market accounts are required to be collateralized by law, as required in the Virginia Security for Public Deposits Act.
- The CDARS bank CDs are guaranteed by the FDIC, Mr. Stavros added, indicating more than 56% of NVTA's investment portfolio is in U.S. Treasuries, collateralized money markets, insured CD's, and U.S. Government-backed Agencies.
- Furthermore, the community bank slide Mr. Stavros presented also showed that the community banks offered money market and CDs at competitive rate levels last year, an average of 2.25%, though rates have been in decline with the three Fed rate cuts this year.
- As part of the Community Bank Program, Mr. Stavros described the quarterly review that he conducts on all NVTA banks using the FDIC's Quarterly Call Report, confirming the banks continue to meet NVTA requirements such as; 1) the aggregate investments held for any qualifying institution are not to exceed 5% of the institution's total assets 2) All commercial banks wishing to be authorized to provide services must report a minimum 4% or greater in Tier 1 (Core) capital.
- Mr. Stavros turned over the presentation to Ms. Anna McDonald and Ms. Mary L. Anderson from United Bank, who described different aspects of the bank's Community Reinvestment Act (CRA) scoring and other philanthropic initiatives.
- Ms. McDonald described the Community Reinvestment Act, enacted in 1977, which has the intent of encouraging depository institutions to help meet the credit needs of traditionally poorly served communities. Furthermore, Ms. McDonald noted, the CRA requires federal regulators to assess the record of each bank in helping to fulfill its obligation to the community.
- In United Bank's latest CRA exam, Ms. McDonald highlighted that the bank had scored outstanding in all three categories of Lending, Investment and Service. Ms. McDonald noted that less than 10% of banks have received such high scores.
- In the community development non-profit division of United Bank, which covers DC, Maryland and Virginia, Ms. Anderson expanded on the bank's lending activities in Northern Virginia in which the bank has made 120 community development loans totaling approximately \$314 million.
- These loans were made to schools in Virginia, hospitals, and for affordable homes, Ms. Anderson noted, adding the bank also provides deposit and investment services to counties and municipalities.
- Ms. McDonald described several examples of United Bank employee volunteer programs (this year 100 employee volunteers served more than 1200 hours).
- Some of the programs described in detail by Ms. McDonald benefit the Inova Kellar Center (focused on mental health and special education), Junior Achievement Finance Park

(teaching youths financial skills), and Northern Virginia Family Service, where the bank supports various programs related to homeless shelters and training.

- Ms. McDonald highlighted the awards that United Bank has received for the bank's community commitment; in 2018 the bank was recognized with an American Bankers Association Community Commitment Award, and in 2018 and 2019 was recognized with a Washington Business Journal Corporate Philanthropy Award.
- Ms. McDonald announced United Bank's acquisition of Carolina Financial Corp., which will increase the bank's asset size from \$19 billion to \$25 billion, ranking United in the top 35 largest banks in the U.S. based on market capitalization. Ms. McDonald noted United's growth would allow the bank to do more in the community.
- Chairman Parrish thanked Ms. McDonald and Ms. Anderson.

Information/Discussion Items

IV. Policy 29 Status Report

Mr. Longhi, CFO

- Mr. Longhi noted there were no new projects identified for Policy 29 discrepancies, and then updated the Finance Committee on the status of previously reported, Policy 29 projects.
 - ✓ Fairfax County: Mr. Longhi noted that County staff made some progress in catching up on the documentation or administrative processes, updating NVTA on the status of projects.
 - ✓ Town of Herndon: Mr. Longhi reported that the Town was still moving through its right-of-way acquisitions, making solid progress on the commitments they made to bring their projects into compliance.
 - ✓ Arlington County: Mr. Longhi reported that there had been a lot of dialogue and exchanges of correspondence on the Ballston Metrorail West Entrance, but there continue to be concerns over WMATA's ability to commit resources to make sure the project can achieve the timeline that had been laid out in the revised project description.
 - Noting the project's cost increases, Mr. Longhi expressed concern that while Arlington County had committed \$25.5 million of additional funding (via a new funding application to NVTA), the project costs increased by \$40 million to \$130.
 - Mr. Longhi noted the NVTA staff recommendation is to cancel the project, allowing the project to come back at a future date and reapply for funding when it had addressed the various funding and timeline issues.
 - Board Member Cristol responded that the Ballston Metrorail West Entrance project was no longer in Policy 29 non-compliance as the project had begun to spend down and could provide information that the project is underway, presenting a copy of an invoice.
 - Board Member Cristol voiced disagreement with NVTA's staff position that that Design funding should not be advanced until there is a plan for construction funding. Board Member Cristol also reiterated Arlington County's support, referencing a letter from Arlington's chair to Ms. Backmon and the Director Mitchell of the Department of Rail and Public Transportation (DRPT).
 - Board Member Cristol, reemphasizing a point she made at the last NVTA Finance Committee meeting, explaining WMATA cannot include the

project into their Capital Improvement Plan until a project coordination agreement is in place, which cannot be executed until the design is complete.

- Chairman Parrish called for a review of the new materials that Board Member Cristol submitted on the status of the project, and recommended no action be taken until the January timeframe to give all the parties time to review and discuss the submission.
- Having reviewed the correspondence and materials, Mayor Rishell noted she did not get the impression that WMATA support and engagement was contingent upon design completion, noting it appeared to be contingent upon their capacity.
- Board Member Cristol responded that WMATA has a very large staff to manage multiple projects.
- Addressing Board Member Cristol, Chairman Nohe said he would be happy to see resolution in the next 40 days, but noted that NVTA had been discussing the project for five years, since 2015.
- Responding to Chairman Parrish's question on his view of the best options, Chairman Nohe thought the best option would be to sit down with the three parties (WMATA, DRPT, Arlington) and get the commitments that are needed. Alternatively, the next best scenario, is NVTA defunding the project and letting the project "reset" or apply again for funding once the issues are resolved.
- Chairman Nohe offered to sit down with Arlington and WMATA in an effort to resolve the issues so that the project could move forward.
- Board Member Cristol maintained that NVTA would lose a regional project that reduces congestion if the funding was pulled, setting a bad precedent for the jurisdictions. The project would alleviate traffic on 66 (due to the station's closer proximity) and increase bus curb space.
- Chairman Nohe recalled that in 2015 when the project was first approved there were other valid congestion reducing projects that could have gone to construction by now.
- Ms. Backmon noted that the meetings should focus on providing a level of certainty regarding what WMATA can and cannot do.
- Mayor Rishell asked if in the next few weeks NVTA would have a document signed by WMATA's Paul Wiedefeld committing to the project.
- Board Member Cristol responded that a letter from WMATA was not possible until there was a project coordination agreement.
- Mayor Rishell noted she found it difficult to understand how the design stage of the projects affects WMATA's ability to commit to the project, knowing all their other commitments and responsibilities.
- Ms. Backmon noted that WMATA had revised its procedures on how it handles projects that they are not funding.
- Mayor Rishell and Chairman Nohe discussed various potential alternative funding mechanisms that would be contingent on the completion of the project.
- Ms. Backmon further noted in the event that Arlington County spent the design funds and the County does not have the construction funds, the

question would then become how much time would be given to the County to acquire the construction funds, or possibly refund the design cost to the Authority.

- Chairman Parrish asked the various parties to report back on the progress of the additional talks.
- ✓ WMATA: Mr. Longhi discussed 3 issues with two WMATA projects (Orange and Blue Line traction power upgrades).
 - Resolution 14-8: Referencing a letter received from WMATA's CFO dated September 18, Mr. Longhi noted the NVTA has not received adequate financial documentation establishing that Maryland and D.C. are making specific project contributions, as opposed to general contributions. This documentation is needed to substantiate that WMATA is not in violation of NVTA Resolution 14-8 which seeks to ensure that if a project extends beyond Northern Virginia and if there are other funding parties (in this case Maryland and DC), those parties are paying their share. Mr. Longhi added that WMATA staff have indicated they would be sending more detailed financial documentation.
 - Project Scope: Mr. Longhi noted the second issue is project scope, noting NVTA seeks to reduce congestion, and putting more electricity on a circuit alone does not reduce congestion, adding more rail cars to transport more people is what reduces congestion. The Orange Line project specified 100 percent 8-car trains, while the Blue Line project continuous and consistent 8-car trains. The WMATA CFO identified fiscal year 2021 as the budget year to determine the level of service noting WMATA has not committed to a timeframe to achieve 8 car train service levels.
 - Internal Cost Allocations: Mr. Longhi discussed the 100% overhead on labor costs that WMATA is charging, noting every dollar paid per hour that goes into labor comes with a second dollar of overhead. Mr. Longhi offered the issue could be resolved if WMATA begins submitting project reimbursement requests for steel, cable, and outside contract costs adding that he is in discussions with WMATA and is waiting their reply.

V. Financial Activities Report

Mr. Longhi, CFO

- Mr. Longhi reported that the NVTA finance team will be seeking budget guidance for the Operating, Regional Revenue and Local Distribution Funds in January. Mr. Longhi noted that Mr. Stavros had begun the revenue estimate process with the jurisdictions, with a focus on identifying the Internet component of the sales tax increases.
- On the SB1716 (I-81) revenue shortfall, Mr. Longhi noted Ms. Teal had received a reply on NVTA's inquiry to the Commonwealth which confirmed there have been implementation delays. The Commonwealth reported more funds should be received by February. However, they also noted that the first year target of \$9 million was going to be difficult to reach.
 - ✓ Mr. Longhi added the delays were reportedly due to the Commonwealth having to coordinate at different fuel distribution levels (getting filing forms out) and instituting the new tax across various platforms. Further, the Commonwealth had been in the midst of system conversions and replacements, prior to the new legislation being passed.

- In response to the Committee’s request for updates on the two TransAction contract amendments, approved by the Authority, Mr. Longhi reviewed the salient details. He noted, NVTA is still within the approved TransAction budgets, and no additional Committee or Authority action was required.
 - ✓ Amendment 4 - Technical Analysis Services: The amendment covers the two year Update and the Long Term Benefit analysis. The final amendment costs were originally projected at \$121,180, whereas the actual costs are closer to \$155,100, or \$33,920 higher. The sum also includes a \$9,000 contingency.
 - 2-Year Update: The costs were largely driven by the number and mix (size, complexity and mode) of the projects. Mr. Longhi added several of the projects being reviewed are over \$100 million.
 - Long Term Benefit: Mr. Longhi noted the increased costs were a result of having to update the TransAction 2040 Baseline for the Long Term Benefit analysis for modeling, which is an additional cost of \$10,800, but which will considerably improve the accuracy of the analysis.
 - ✓ Amendment 5 – Tracking Survey: Mr. Longhi noted the new survey incorporates a larger social media component than the previous survey and now will include queries on pricing incentive tradeoffs, e-bikes, e-scooters, the bus transformation project as well as housing choice and affordability. As a result, the costs increased by \$8,100 to \$56,800.

VI. Investment Portfolio Report

Mr. Stavros, Investment & Debt Manager

- Mr. Stavros presented the monthly report on investment activities and portfolio performance through October 31, 2019.
- Referencing last month’s performance, Mr. Stavros noted that the portfolio was continuing its seven month trend of outperforming its benchmarks. However, as noted before, the portfolio performance will ultimately move (decline) with the market given the three Fed rate cuts in 2019.
- Mr. Stavros noted that the amount of income that was preserved was \$1.75 million over six months compared to if the portfolio followed the downward trend of the benchmarks.
- Mr. Longhi thanked the Committee for the Bloomberg tools that they had recommended to and were approved by the Authority, noting these tools are enabling staff to maintain the portfolio’s performance.
- Mr. Longhi noted that NVTA had conducted its first Bloomberg electronic transaction, as authorized by the Authority in October. Specifically a \$5 million J.P. Morgan commercial paper purchase was completed, in which NVTA saved \$1,500 on the transaction.
- Chairman Parrish noted the difficulty and challenges of being above the portfolio’s benchmarks, which NVTA continues to do, and congratulated Mr. Stavros on his good work.

VII. Monthly Revenue Report

Mr. Longhi, CFO

- The Committee received a report on the Authority’s Monthly Revenue Report.
- Noting the previous discussion on SB1716 funds, Mr. Longhi added Ms. Teal had done the first distribution of the SB1716 funds in the 30 percent distribution. It was noted total

SB1716 revenues only totaled \$625,000 over 5 months whereas \$780,000 was expected per month based on the Commonwealth's \$9 million full year estimate.

VIII. Operating Budget Report

Mr. Longhi, CFO

- The Committee received a report on the Authority's Operating Budget.

Adjournment

IX. Adjournment

Meeting Adjourned: 2:29 PM

Next Meeting January 16, 2020 at 1:00PM (Room B)

3040 Williams Drive, Suite 200, Fairfax, Virginia

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
MEMORANDUM

TO: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: January 10, 2020

SUBJECT: Finance Committee Meeting Schedule

1. Purpose. Determine a Finance Committee meeting schedule for the period of March 2020 to February 2021.

2. Suggested motion. *I move the Finance Committee adopt the proposed March 2020 to February 2021 meeting schedule.*

3. Background.

- a. The Finance Committee has been meeting on the third Thursday of the month at 1:00PM.
- b. By selecting a meeting day of the third Thursday of a month, the Committee will receive reconciled financial, banking and revenue receipt reports from the most recently completed month.
- c. This meeting date also allows sufficient time for staff to prepare any Finance Committee action items for the next Authority meeting on the second Thursday of the following month.
- d. On February 21, 2019 the Committee adopted a schedule which runs through February 20, 2020.
- e. Meetings without Action Items, or time sensitive Discussion Items are typically cancelled, with reports on investments, revenue and the operating budget presented on a year to date basis at the next meeting.

4. Meeting Options. The following table provides the dates for consideration by the Committee.

Month	Thursday	Notes
March	March 19, 2020	
April	April 23, 2020	Authority Meeting April 16th
May	May 21, 2020	
June	June 18, 2020	
July	July 16, 2020	If needed
August	August 20, 2020	If needed
September	September 17, 2020	
October	October 15, 2020	
November	November 19, 2020	
December	December 17, 2020	If needed
January	January 21, 2021	
February	February 18, 2021	

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**MEMORANDUM**

FOR: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: January 10, 2020

SUBJECT: FY2021 Budget Guidance

1. **Purpose:** To gather input from the Northern Virginia Transportation Authority (NVTA) Finance Committee on development of the FY2021 budgets.
2. **Discussion:** The NVTA business activities are supported through three separate budgets. Development of these budgets for FY2021 will be based on guidance from the Committee. Initial discussion items are presented for each budget below:
 - A. **Local Distribution Fund.** The Local Distribution Fund Budget supports the monthly distribution of 30% funds to member jurisdictions. Prior guidance for this budget has been to:
 - i. Estimate revenues cooperatively, transparently and conservatively.
 - ii. Target revenue actual to budget variance to be positive (actual higher than budget).
 - iii. Maintain budget authorization to distribute the full funds received from the Commonwealth on a monthly basis while in full compliance with the Code of Virginia and NVTA policies. This eliminates the need for budget adjustments to distribute revenue in excess of the annual budgeted revenue.
 - iv. Utilize regional revenue funds for operating budget costs, eliminating the need to reduce jurisdiction 30% disbursements. (First started in FY2020.)
 - B. **Regional Revenue Fund.** The Regional Revenue Fund Budget is the source for transportation project funding by the Authority. Important background and previous guidance for this budget are:
 - i. The budget's first priority, as legally required in the Code of Virginia and NVTA's bond indenture is to fund all debt service obligations.
 - ii. With all debt service obligations budgeted, the resources in this fund are then available for PayGo project funding of Authority approved projects.
 - iii. Estimate revenues cooperatively, transparently and conservatively.

- iv. Target revenue actual to budget variance to be positive (actual higher than budget). Strive to end the fiscal year with small positive actual receipts to budgeted revenue variances (actual receipts slightly higher than budgeted revenues).
- v. This budget directly funds the expenses related to TransAction and Six Year Program updates and directly related technical and consultative support services.
- vi. Fund the Authority's operating budget through a transfer of funds to the Operating Fund/Budget. (First started in FY2020.)
- vii. The revenue estimate process will feed into an update of the PayGo analysis for the Two-Year Program Update. (Adopted Separately.)

C. Operating Fund. The Operating Fund Budget is the central accounting point for all operating and administrative expenses of the Authority. The Operating Fund and related budget can only be funded with resources in excess of those required or exempted from debt service obligations. Important background and previous guidance for this budget are:

- i. Starting in FY2020, the Operating Budget has been funded from a transfer from the Regional Revenue Fund, rather than funding received from member jurisdictions, typically through a reduction in their 30% Local Distribution funds. This action in FY2020 (the first time it was possible) saved member jurisdictions \$2.9 million.
- ii. The FY2020 budget added three full time equivalent (FTE) positions; two planners and one finance position. No additional FTE positions are proposed for FY2021.
- iii. The Operating Budget is presented in the format of base budget increases (contract escalations, inflation, etc.) and new initiatives.
- iv. Base budget increases include:
 - i. Salaries – maximum merit and cost of living increases have previously been based on a survey of member jurisdiction budgets. Since member jurisdiction budgets are not known until the latter part of April the budgeted percent increase is based on jurisdiction preliminary budgets. NVTAs maximum increases are then based on the survey of member jurisdictions.
 - ii. Health, Dental and Retirement costs - Health and Dental coverage is obtained through the Commonwealth's Local Choice Program, used by many member jurisdictions. Annual changes to the premiums are normally reported in early Spring. Retirement benefits are provided through the Authority's membership in the Virginia Retirement System. The Authority has made a practice of fully funding the annually required retirement contribution each year, thus reducing long term liabilities. Bi-annual actuary reports with updated contribution rates are distributed in late January.

- iii. Contracted services - The Authority obtains accounting system, auditing, leased space, technology platforms and support, bond counsel, financial advisory and other services on a contractual basis. The contractual increases are provided in the base budget. Service expansions, even if the service is currently provided under an existing contract are presented as new initiatives.
- iv. Operating Reserves – The Authority is required to maintain an operating reserve equal to 20% of the Operating Budget. In addition, the Authority maintains an equipment replacement reserve based largely on equipment depreciation schedules.
- v. New initiatives under consideration:
 - i. Communications and Public Outreach - A proposal is in development to better resource the Authority’s communications, social media, web site functions as this area has seen significant growth in utilization. An example is expanding the use of contract services for website updates, revisions and maintenance.
 - ii. Legal Services – Information is being prepared related to acquiring contract legal counsel. Research will include procurement, cost and policy choices.
 - iii. Project Information Monitoring and Management System (PIMMS) – three enhancement areas are under consideration:
 - a. Online project application (Component A). These enhancements will focus on simplification of the process for applicants to upload project location mapping, improvements to the process for applicants and NVTA staff to print applications, and provision of custom reports that will eliminate the need for NVTA staff to summarize application information outside of PIMMS.
 - b. Project/SPA status monitoring (Component B). These enhancements will focus on more sophisticated analytical, modification, reporting, and printing functions.
 - c. Project Dashboard (Component C). These enhancements will focus on providing additional dashboard features and more sophisticated user interaction functions.
 - iv. Extended Software Licenses and Data Analytics – The Authority’s two new regional transportation planners are providing additional capabilities in the field of data analytics, bringing the potential to offer new and enhanced in-house services such as GIS-based analysis, big data analysis, and more sophisticated reporting of transportation analyses. Investments in expanded software licenses and analytical software will unlock the potential to leverage these additional capabilities and provide new analytical services to the Authority and region.

- 3. Next Steps:** NVTAs Policy 10 - Financial Management contains a guideline which calls for the Authority adoption of budgets two months prior to the start of a fiscal year. This effectively results in the budget adoption occurring by April. The following timeline is proposed:
- A. January** - Budget guidance discussed.
 - B. February** – Base Budget Increases and Initiatives, cost projections presented. The Finance Committee may decide to make a recommendation to the Authority or request changes/information.
 - C. March** – Additional discussion, if needed, to result in recommendation to the Authority. If the Finance Committee agreed to a recommendation in February the budgets could be presented to the Authority in March.
 - D. April** – Based on Finance Committee direction, present the three budgets to the Authority for adoption.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members, NVTA Finance Committee

FROM: Richard Stavros, Investment & Debt Manager

DATE: January 10, 2020

SUBJECT: Investment Portfolio Report

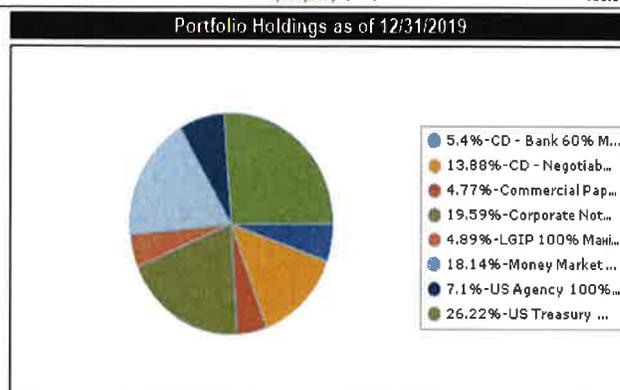
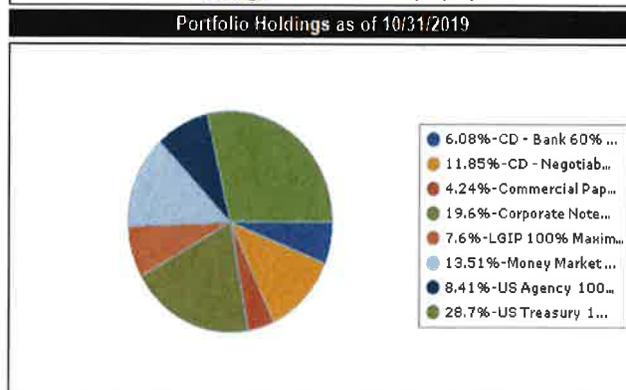
- 1) **Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) Finance Committee with required reports on investment activities and portfolio performance through December 31, 2019.
- 2) **Background:** This report is on investment activity through December 2019 and affirms the portfolio 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: 10/31/2019, End Date: 12/31/2019

Asset Category Allocation				
Asset Category	Book Value 10/31/2019	% of Portfolio 10/31/2019	Book Value 12/31/2019	% of Portfolio 12/31/2019
CD - Bank 60% Maximum	65,134,723.53	6.08	57,134,723.53	5.40
CD - Negotiable 25% Maximum	127,001,192.20	11.85	147,000,700.82	13.88
Commercial Paper 30% / 5% Maximum	45,467,293.33	4.24	50,555,184.17	4.77
Corporate Notes 50% Maximum	209,949,962.11	19.60	207,464,656.95	19.59
LGIP 100% Maximum	81,424,268.79	7.60	51,792,739.96	4.89
Money Market 60% Maximum	144,781,639.89	13.51	192,031,619.97	18.14
US Agency 100% Maximum	90,099,145.47	8.41	75,227,722.83	7.10
US Treasury 100% Maximum	307,438,445.87	28.70	277,691,173.83	26.22
Total / Average	1,071,296,671.19	100.00	1,058,898,522.06	100.00



3) Current Period Reports:

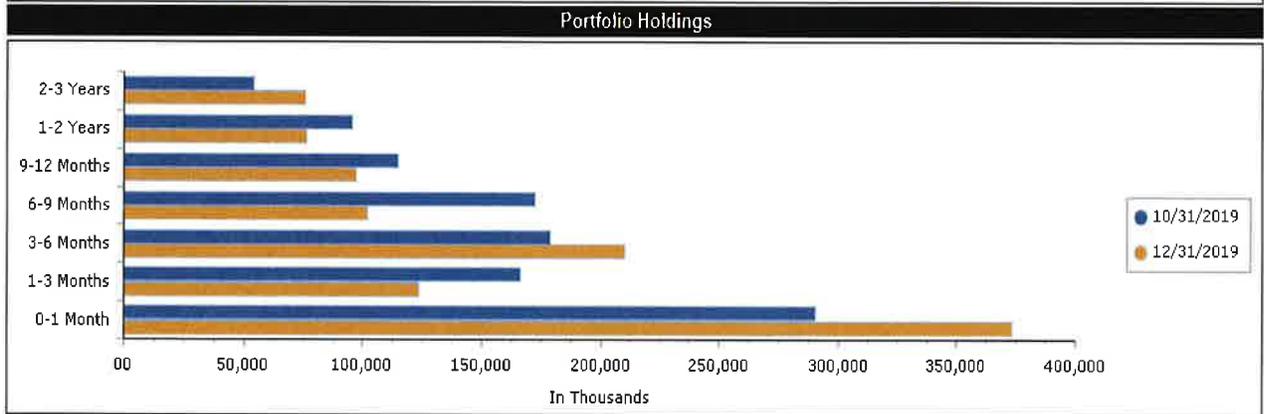
- a. The safety of the portfolio is reflected in the actual composition of the portfolio as shown above.



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

Begin Date: 10/31/2019, End Date: 12/31/2019

Maturity Range Allocation				
Maturity Range	Book Value 10/31/2019	% of Portfolio 10/31/2019	Book Value 12/31/2019	% of Portfolio 12/31/2019
0-1 Month	290,028,851.35	27.07	373,789,426.88	35.30
1-3 Months	165,870,271.58	15.48	123,780,585.70	11.69
3-6 Months	178,651,152.52	16.68	210,454,326.08	19.87
6-9 Months	172,257,426.61	16.08	101,857,294.49	9.62
9-12 Months	114,805,715.93	10.72	97,363,248.26	9.19
1-2 Years	95,427,095.79	8.91	75,882,265.34	7.17
2-3 Years	54,256,157.41	5.06	75,771,375.31	7.16
Total / Average	1,071,296,671.19	100.00	1,058,898,522.06	100.00



- b. The liquidity of the portfolio is reflected in the portfolio's duration of .38 (1.0 = 1 year) and the maturity schedule shown above.

NVTA Investment Benchmarks	Dec-19 Month End
Fed Funds Rate	1.55%
Treasury 90 Day T Bill	1.53%
Local Government Investment Pool	1.74%
Virginia Non-Arbitrage Program	1.84%
NVTA Performance	2.28%

Source: Bloomberg, Statements

- c. The yield on the portfolio at the end of December 2019 was 2.28%. 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;

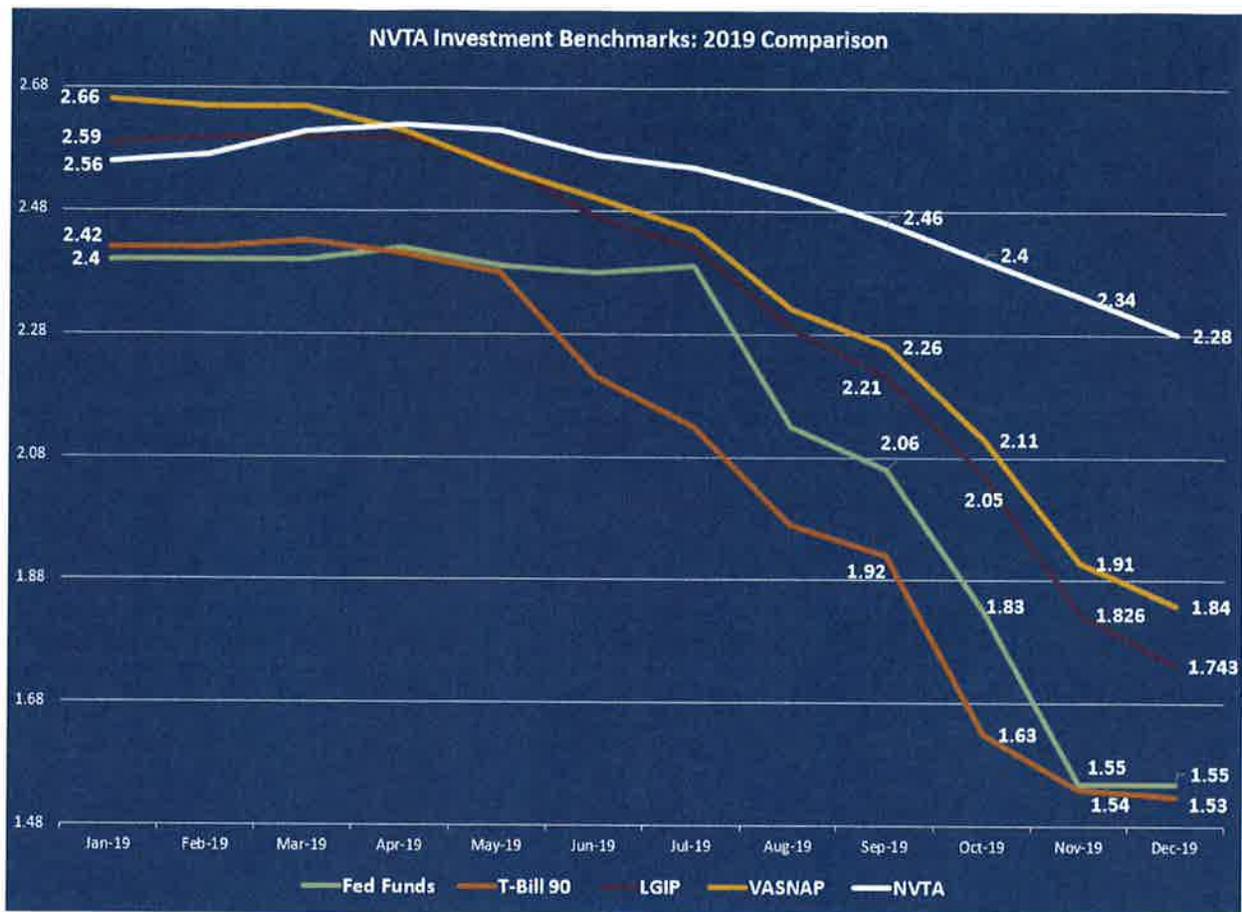
- i) AAA/AA rated U.S. Treasury and Agency Bonds (33.3%)
- ii) AAA/AA rated investment grade corporate bonds (19.6%)
- iii) Collateralized bank money market accounts (18.4%)

b) Liquidity:

- i) Since our last report on November 21, 2019, the NVTA Portfolio average duration has fallen to .38 from .43 or less than 6 months – reflecting recent maturities.
- ii) Analysis of forward transportation project liabilities (reimbursements) associated with the Six Year Program found that the portfolio has the flexibility to extend modestly to 2-3 year maturities (7.16% of the portfolio presently).

c) Yield:

- i) **Current Forecast - 2020 Mild Rate Cut:** Current market forecasts are for one rate cut in late 2020, but if predictions of an economic slowdown are realized, the rate environment could be worse. The Federal Reserve cut rates three times in 2019, most recently lowering rates by 25 basis points in October to a range of 1.5% to 1.75% in response to slowing U.S. economic growth. The Fed's target policy is now a total of 75 basis points lower from its first rate cut in mid-summer.
- ii) **2019 Performance:** In response to the change in rates and economic sentiment, NVTA evaluated the portfolio's performance for 2019 as compared to its policy benchmarks as a way to review our rate strategy, see chart below.
 - **Value Preservation:** NVTA's Regional Portfolio outperformed its benchmarks in 8 of the last 12 months. This performance is attributed to steps taken in early 2019 to increase safety by purchasing US Treasuries. Furthermore, more shorter dated portfolio benchmarks have been impacted more severely by the third Fed rate cut.
 - **Rate Strategy Implications:** 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.



- 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.



Northern Virginia Transportation Authority

Portfolio Holdings Compliance - GASB 40 Report - As of 12/31/2019

Issuer	Face Amount Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	Portfolio %	Maturity Date	YTM @ Cost	Duration To Maturity
Certificate Of Deposit									
United Bank 2.6 4/30/2020	15,000,000.00	15,000,000.00	15,000,000.00	NR	NR	1.42	04/30/2020	2.600	0.33
United Bank 2.75 1/17/2020	10,000,000.00	10,000,000.00	10,000,000.00	NR	NR	0.94	01/17/2020	2.750	0.05
United Bank 2.7 3/5/2020	12,634,723.53	12,634,723.53	12,634,723.53	NR	NR	1.19	03/05/2020	2.700	0.18
Atlantic Union Bank 1.7 12/26/2020	9,500,000.00	9,500,000.00	9,500,000.00	NR	NR	0.90	12/26/2020	1.700	0.99
John Marshall Bank 1.94 1/23/2020	10,000,000.00	10,000,000.00	10,000,000.00	NR	NR	0.94	01/23/2020	1.940	0.06
Sub Total / Average Certificate Of Deposit	57,134,723.53	57,134,723.53	57,134,723.53			5.39		2.383	0.31
Commercial Paper									
JP Morgan Securities 0 5/29/2020	20,000,000.00	19,850,000.00	19,713,066.66	S&P-A1	Moody's-P1	1.89	05/29/2020	1.824	0.41
JP Morgan Securities 0 6/19/2020	12,000,000.00	11,890,560.00	11,828,920.00	S&P-A1	Moody's-P1	1.13	06/19/2020	1.948	0.47
JP Morgan Securities 0 6/19/2020	14,000,000.00	13,872,320.00	13,800,406.66	S&P-A1	Moody's-P1	1.32	06/19/2020	1.948	0.47
JP Morgan Securities 0 8/14/2020	5,000,000.00	4,942,304.17	4,930,650.42	S&P-A1	Moody's-P1	0.47	08/14/2020	1.855	0.62
Sub Total / Average Commercial Paper	51,000,000.00	50,555,184.17	50,279,043.74			4.81		1.890	0.46
Corporate Bond									
ADP 2.25 9/15/2020	5,000,000.00	4,990,942.34	5,013,200.00	S&P-AA	Moody's-Aa3	0.47	09/15/2020	2.512	0.70
Apple Corp. 1.7 9/11/2022	16,145,000.00	16,102,436.56	16,133,698.50	S&P-AA+	Moody's-Aa1	1.52	09/11/2022	1.800	2.63
Apple Corp. 1.9 2/7/2020	5,403,000.00	5,397,842.76	5,402,837.91	S&P-AA+	Moody's-Aa1	0.51	02/07/2020	2.840	0.10
Apple Corp. Var. Corp 2/9/2022	5,011,000.00	5,045,840.53	5,052,340.75	S&P-AA+	Moody's-Aa1	0.47	02/09/2022	2.400	0.00
Apple Corp. 2 11/13/2020	5,000,000.00	4,969,881.92	5,012,750.00	S&P-AA+	Moody's-Aa1	0.47	11/13/2020	2.718	0.86
Bank of New York Var. Corp 6/4/2021 -20	8,258,000.00	8,269,023.99	8,265,597.36	S&P-AA-	Moody's-Aa2	0.78	06/04/2021	2.180	0.00
Berkshire Hathaway 2.2 3/15/2021	7,386,000.00	7,332,011.29	7,414,583.82	S&P-AA	Moody's-Aa2	0.70	03/15/2021	2.833	1.19
Berkshire Hathaway 2.2 3/15/2021	10,000,000.00	10,016,292.36	10,038,700.00	S&P-AA	Moody's-Aa2	0.94	03/15/2021	2.061	1.19
Chevron Corp. 1.961 3/3/2020	5,000,000.00	4,991,267.97	4,999,100.00	S&P-AA	Moody's-Aa2	0.47	03/03/2020	2.998	0.17
Chevron Corp. 1.991 3/3/2020	7,500,000.00	7,492,905.41	7,500,150.00	S&P-AA	Moody's-Aa2	0.71	03/03/2020	2.549	0.17
Chevron Corp. 2.1 5/16/2021	5,560,000.00	5,499,887.91	5,595,139.20	S&P-AA	Moody's-Aa2	0.52	05/16/2021	2.923	1.36
Exxon Mobil Corp 1.912 3/6/2020	8,663,000.00	8,653,067.33	8,663,606.41	S&P-AA+	Moody's-Aaa	0.82	03/06/2020	2.566	0.18
Exxon Mobil Corp 1.912 3/6/2020	5,000,000.00	4,990,639.75	5,000,350.00	S&P-AA+	Moody's-Aaa	0.47	03/06/2020	2.973	0.18
Exxon Mobil Corp Var. Corp 3/6/2022	1,000,000.00	1,005,414.42	1,006,050.00	S&P-AA+	Moody's-Aaa	0.09	03/06/2022	2.257	0.00

Exxon Mobil Corp Var. Corp 3/6/2022	7,500,000.00	7,538,552.14	7,545,375.00	S&P-AA+	Moody's-Aaa	0.71	03/06/2022	2,257	0.00
Exxon Mobil Corp Var. Corp 8/16/2022	10,000,000.00	10,041,547.71	10,046,700.00	S&P-AA+	Moody's-Aaa	0.94	08/16/2022	2,234	0.00
Johnson and Johnson 2.95 9/1/2020	5,000,000.00	5,015,494.59	5,039,200.00	S&P-AAA	Moody's-Aaa	0.47	09/01/2020	2,472	0.66
Microsoft Corp 1.55 8/8/2021	5,000,000.00	4,900,658.53	4,993,400.00	S&P-AAA	Moody's-Aaa	0.47	08/08/2021	2,850	1.58
Microsoft Corp 1.85 2/12/2020	5,000,000.00	4,993,970.96	5,000,050.00	S&P-AAA	Moody's-Aaa	0.47	02/12/2020	2,900	0.11
Microsoft Corp 1.85 2/6/2020	1,196,000.00	1,195,197.46	1,195,952.16	S&P-AAA	Moody's-Aaa	0.11	02/06/2020	2,530	0.10
Microsoft Corp 1.85 2/6/2020	5,000,000.00	4,994,917.58	4,999,800.00	S&P-AAA	Moody's-Aaa	0.47	02/06/2020	2,878	0.10
Microsoft Corp 1.85 2/6/2020	3,000,000.00	2,997,031.46	2,999,880.00	S&P-AAA	Moody's-Aaa	0.28	02/06/2020	2,851	0.10
National Australia Bank 2.25 1/10/2020	5,000,000.00	4,999,045.65	5,000,200.00	S&P-AA-	Moody's-Aa3	0.47	01/10/2020	2,970	0.03
Proctor and Gamble Co. 1.9 10/23/2020	5,000,000.00	4,986,845.64	5,004,300.00	S&P-AA-	Moody's-Aa3	0.47	10/23/2020	2,746	0.81
Toyota Motor Credit corp Var. Corp 5/17/2022	10,000,000.00	10,034,258.82	10,029,500.00	S&P-AA-	Moody's-Aa3	0.94	05/17/2022	2,304	0.00
Toyota Motor Credit corp 2.15 3/12/2020	5,000,000.00	4,996,243.78	5,001,300.00	S&P-AA-	Moody's-Aa3	0.47	03/12/2020	2,537	0.20
Toyota Motor Credit corp 2.15 3/12/2020	5,057,000.00	5,053,422.10	5,058,314.82	S&P-AA-	Moody's-Aa3	0.48	03/12/2020	2,515	0.20
Toyota Motor Credit corp 2.8 7/13/2022	5,305,000.00	5,428,899.82	5,430,144.95	S&P-AA-	Moody's-Aa3	0.50	07/13/2022	1,851	2.43
Toyota Motor Credit corp Var. Corp 1/11/2022	4,607,000.00	4,645,702.93	4,648,370.86	S&P-AA-	Moody's-Aa3	0.43	01/11/2022	2,674	0.00
Toyota Motor Credit corp Var. Corp 1/11/2022	900,000.00	907,560.81	908,082.00	S&P-AA-	Moody's-Aa3	0.08	01/11/2022	2,674	0.00
Toyota Motor Credit corp Var. Corp 10/7/2021	10,000,000.00	10,025,655.43	10,020,800.00	S&P-AA-	Moody's-Aa3	0.94	10/07/2021	2,333	0.00
Toyota Motor Credit corp 2.2 1/10/2020	5,000,000.00	4,999,305.56	5,000,000.00	S&P-AA-	Moody's-Aa3	0.47	01/10/2020	2,720	0.03
Toyota Motor Credit corp 2.2 1/10/2020	5,000,000.00	4,999,051.72	5,000,000.00	S&P-AA-	Moody's-Aa3	0.47	01/10/2020	2,910	0.03
WalmartVar. Corp 6/23/2021	5,000,000.00	5,011,739.13	5,008,550.00	S&P-AA	Moody's-Aa2	0.47	06/23/2021	2,158	0.00
Walmart Corp 1.9 12/15/2020	5,000,000.00	4,982,100.59	5,006,850.00	S&P-AA	Moody's-Aa2	0.47	12/15/2020	2,722	0.95
Sub Total / Average Corporate Bond	207,491,000.00	207,464,656.95	208,034,873.74			19.58		2,485	0.58
FFCB Bond									
FFCBVar. FFCB 9/13/2021	5,000,000.00	5,000,000.00	5,002,700.00	S&P-AA+	Moody's-Aaa	0.47	09/13/2021	1,897	0.00
FFCB 1.85 3/3/2022	5,000,000.00	4,998,910.71	4,984,350.00	S&P-AA+	Moody's-Aaa	0.47	03/03/2022	1,860	2.13
FFCB 2.85 4/15/2020	5,000,000.00	5,000,000.00	5,019,700.00	S&P-AA+	Moody's-Aaa	0.47	04/15/2020	2,850	0.29
Sub Total / Average FFCB Bond	15,000,000.00	14,998,910.71	15,006,750.00			1.42		2,203	0.81
FHLB Bond									
FHLB 2.125 2/11/2020	10,000,000.00	9,995,320.72	10,005,300.00	S&P-AA+	Moody's-Aaa	0.94	02/11/2020	2,541	0.11
FHLB 2.375 3/3/2020	5,000,000.00	4,996,594.59	5,009,550.00	S&P-AA+	Moody's-Aaa	0.47	03/03/2020	2,781	0.25
FHLB 2.4 2/15/2022-20	10,000,000.00	10,022,250.86	10,012,800.00	S&P-AA+	Moody's-Aaa	0.94	02/15/2022	2,291	2.08
FHLB 2.875 9/11/2020	5,000,000.00	4,998,549.08	5,036,300.00	S&P-AA+	Moody's-Aaa	0.47	09/11/2020	2,917	0.69
Sub Total / Average FHLB Bond	30,000,000.00	30,012,715.25	30,063,950.00			2.83		2,560	0.89
FHLMC Bond									
FHLMC 1.5 1/17/2020	5,000,000.00	4,997,160.64	4,999,500.00	S&P-AA+	Moody's-Aaa	0.47	01/17/2020	2,750	0.04
FHLMC 1.875 11/17/2020	5,000,000.00	4,956,090.91	5,009,800.00	S&P-AA+	Moody's-Aaa	0.47	11/17/2020	2,910	0.87
FHLMC Step 9/30/2021-17	4,903,000.00	4,819,875.61	4,897,312.52	S&P-AA+	Moody's-Aaa	0.46	09/30/2021	3,582	1.72
Sub Total / Average FHLMC Bond	14,903,000.00	14,773,127.16	14,906,612.52			1.41		3,077	0.87
FNMA Bond									
FNMA 1.25 3/27/2020	10,435,000.00	10,396,739.48	10,426,338.95	S&P-AA+	Moody's-Aaa	0.98	03/27/2020	2,825	0.24

Sub Total / Average FNMA Bond	10,435,000.00	10,396,739.48	10,426,338.95			0.98		2.825	0.24
Local Government Investment Pool									
Commonwealth of Virginia LGIP	11,921.88	11,921.88	11,921.88	S&P-AAA	NR	0.00	N/A	1.743	0.00
Commonwealth of Virginia LGIP	15,079,299.79	15,079,299.79	15,079,299.79	S&P-AAA	NR	1.42	N/A	1.743	0.00
VIP Stable NAV LGIP	36,701,518.29	36,701,518.29	36,701,518.29	S&P-AAA	NR	3.46	N/A	1.790	0.00
Sub Total / Average Local Government Investment Pool	51,792,739.96	51,792,739.96	51,792,739.96			4.89		1.776	0.00
Money Market									
Access National Bank MM	57,305,231.53	57,305,231.53	57,305,231.53	NR	NR	5.41	N/A	1.764	0.00
BB&T MM	5,667,877.25	5,667,877.25	5,667,877.25	NR	NR	0.53	N/A	1.540	0.00
John Marshall Bank ICS MM	37,214,095.25	37,214,095.25	37,214,095.25	NR	NR	3.51	N/A	1.900	0.00
United Bank MM	91,844,415.94	91,844,415.94	91,844,415.94	NR	NR	8.67	N/A	1.790	0.00
Sub Total / Average Money Market	192,031,619.97	192,031,619.97	192,031,619.97			18.12		1.796	0.00
Negotiable Certificate Of Deposit									
CIBC NY Office 2.53 3/27/2020	15,000,000.00	15,000,700.82	15,026,250.00	S&P-A1	Moody's-P1	1.42	03/27/2020	2.510	0.24
CIBC NY Office 2.64 4/15/2020	30,000,000.00	30,000,000.00	30,073,500.00	S&P-A1	Moody's-P1	2.83	04/15/2020	2.640	0.29
Credit Mutual-CIC NY 1.83 5/20/2020	20,000,000.00	20,000,000.00	20,001,000.00	S&P-A1	Moody's-P1	1.89	05/20/2020	1.830	0.39
Rabobank NY 2.05 7/17/2020	17,000,000.00	17,000,000.00	17,018,870.00	S&P-A1	Moody's-P1	1.60	07/17/2020	2.050	0.55
TD Bank NY 2.05 6/26/2020	10,000,000.00	10,000,000.00	10,007,300.00	S&P-A1+	Moody's-P1	0.94	06/26/2020	2.050	0.49
TD Bank NY 2.08 7/15/2020	10,000,000.00	10,000,000.00	10,010,200.00	S&P-A1+	Moody's-P1	0.94	07/15/2020	2.080	0.54
TD Bank NY 2.68 3/12/2020	15,000,000.00	15,000,000.00	15,023,250.00	S&P-A1+	Moody's-P1	1.42	03/12/2020	2.680	0.20
TD Bank NY 2.81 1/22/2020	30,000,000.00	30,000,000.00	30,018,000.00	S&P-A1+	Moody's-P1	2.83	01/22/2020	2.810	0.06
Sub Total / Average Negotiable Certificate Of Deposit	147,000,000.00	147,000,700.82	147,178,370.00			13.87		2.409	0.30
Treasury Note									
T-Note 1.375 1/15/2020	20,000,000.00	19,990,178.89	19,998,000.00	S&P-AA+	Moody's-Aaa	1.89	01/15/2020	2.593	0.04
T-Note 1.375 1/15/2020	20,000,000.00	19,990,178.89	19,998,000.00	S&P-AA+	Moody's-Aaa	1.89	01/15/2020	2.593	0.04
T-Note 1.375 1/15/2020	20,000,000.00	19,990,145.60	19,998,000.00	S&P-AA+	Moody's-Aaa	1.89	01/15/2020	2.597	0.04
T-Note 1.375 10/31/2020	10,000,000.00	9,908,430.77	9,977,000.00	S&P-AA+	Moody's-Aaa	0.94	10/31/2020	2.504	0.83
T-Note 1.375 4/30/2020	10,000,000.00	9,963,019.56	9,990,600.00	S&P-AA+	Moody's-Aaa	0.94	04/30/2020	2.514	0.33
T-Note 1.5 5/15/2020	10,000,000.00	9,962,188.20	9,994,900.00	S&P-AA+	Moody's-Aaa	0.94	05/15/2020	2.537	0.37
T-Note 1.5 5/15/2020	15,000,000.00	14,945,017.48	14,992,350.00	S&P-AA+	Moody's-Aaa	1.42	05/15/2020	2.505	0.37
T-Note 1.5 6/15/2020	10,000,000.00	9,953,442.69	9,996,500.00	S&P-AA+	Moody's-Aaa	0.94	06/15/2020	2.542	0.46
T-Note 1.5 8/15/2020	10,000,000.00	9,938,607.40	9,992,200.00	S&P-AA+	Moody's-Aaa	0.94	08/15/2020	2.506	0.62
T-Note 1.5 8/15/2020	10,000,000.00	9,969,304.83	9,992,200.00	S&P-AA+	Moody's-Aaa	0.94	08/15/2020	2.000	0.62
T-Note 1.5 8/15/2020	5,000,000.00	4,984,961.96	4,996,100.00	S&P-AA+	Moody's-Aaa	0.47	08/15/2020	1.990	0.62
T-Note 1.625 10/15/2020	10,000,000.00	9,972,285.86	9,998,800.00	S&P-AA+	Moody's-Aaa	0.94	10/15/2020	1.981	0.79
T-Note 1.625 7/31/2020	5,000,000.00	4,989,736.10	4,999,800.00	S&P-AA+	Moody's-Aaa	0.47	07/31/2020	1.983	0.58
T-Note 2 11/30/2020	5,000,000.00	5,003,251.97	5,016,200.00	S&P-AA+	Moody's-Aaa	0.47	11/30/2020	1.927	0.91
T-Note 2 11/30/2020	6,000,000.00	6,008,488.18	6,019,440.00	S&P-AA+	Moody's-Aaa	0.57	11/30/2020	1.842	0.91
T-Note 2.25 3/31/2020	10,000,000.00	9,993,444.60	10,014,100.00	S&P-AA+	Moody's-Aaa	0.94	03/31/2020	2.518	0.25
T-Note 2.25 3/31/2020	10,000,000.00	9,993,259.94	10,014,100.00	S&P-AA+	Moody's-Aaa	0.94	03/31/2020	2.526	0.25

T-Note 2.375 12/31/2020	7,000,000.00	7,037,081.58	7,049,490.00	S&P-AA+	Moody's-Aaa	0.66	12/31/2020	1.835	0.99
T-Note 2.375 4/30/2020	10,000,000.00	9,994,988.70	10,024,200.00	S&P-AA+	Moody's-Aaa	0.94	04/30/2020	2.528	0.33
T-Note 2.5 6/30/2020	10,000,000.00	9,999,253.22	10,042,200.00	S&P-AA+	Moody's-Aaa	0.94	06/30/2020	2.514	0.50
T-Note 2.625 7/31/2020	10,000,000.00	10,006,741.76	10,056,600.00	S&P-AA+	Moody's-Aaa	0.94	07/31/2020	2.506	0.58
T-Note 2.625 8/31/2020	5,000,000.00	5,021,399.04	5,032,050.00	S&P-AA+	Moody's-Aaa	0.47	08/31/2020	1.971	0.66
T-Note 2.75 9/15/2021	10,000,000.00	9,960,890.86	10,191,800.00	S&P-AA+	Moody's-Aaa	0.94	09/15/2021	2.990	1.67
T-Note 2.75 9/30/2020	10,000,000.00	9,994,111.07	10,080,500.00	S&P-AA+	Moody's-Aaa	0.94	09/30/2020	2.831	0.74
T-Note 2.75 9/30/2020	10,000,000.00	10,017,712.92	10,080,500.00	S&P-AA+	Moody's-Aaa	0.94	09/30/2020	2.507	0.74
T-Note 2.75 9/30/2020	5,000,000.00	5,033,411.11	5,040,250.00	S&P-AA+	Moody's-Aaa	0.47	09/30/2020	1.845	0.74
T-Note 2.75 9/30/2020	5,000,000.00	5,033,555.74	5,040,250.00	S&P-AA+	Moody's-Aaa	0.47	09/30/2020	1.841	0.74
T-Note 3.5 5/15/2020	10,000,000.00	10,036,084.91	10,066,800.00	S&P-AA+	Moody's-Aaa	0.94	05/15/2020	2.508	0.37
Sub Total / Average Treasury Note	278,000,000.00	277,691,173.83	278,692,930.00			26.23		2.428	0.49
TVA Bond									
TVA 3.875 2/15/2021	5,000,000.00	5,046,230.23	5,111,150.00	S&P-AA+	Moody's-Aaa	0.47	02/15/2021	3.017	1.09
Sub Total / Average TVA Bond	5,000,000.00	5,046,230.23	5,111,150.00			0.47		3.017	1.09
Total / Average	1,059,788,083.46	1,058,898,522.06	1,060,653,102.41			100		2.278	0.36

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: January 10, 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 December 2019. December receipts represent four months of FY2020 Sales Tax revenue.
3. **Comments:**
 - a. **FY2020 Revenues (Attachment A)**
 - i. The Authority has received approximately \$97.1 million through the December 2019 transfers from the Commonwealth.
 - ii. Actual revenue (four months of sales tax receipts) to estimate comparison of annual sales tax revenues through December 2019 show a 7.5% positive variance in receipts compared to the FY2020 adopted revenue projections.
 - iii. The positive variance can be greatly attributed to the newly taxed internet sales but NVTA lacks the data to differentiate the internet sales from the annual growth experienced in the past. While working with member localities on updating revenue projections, staff expects to gain a better understanding of the internet sales tax impact.
 - iv. Revenue related to Heavy Truck Registration and Diesel Fuel (SB1716) has not materialized at the level to support Commonwealth projections for FY2020. However, it is still early in the cycle for this first-time revenue source. VDOT has prepared an analysis of the receipts and shared that there has been some system and processing lag in the collection startup of this new revenue source.
 - b. **FY2020 Distribution to localities (Attachment B)**
 - i. Eight jurisdictions have completed the required annual HB2313 certification to receive FY2020 Local Distribution Funds (30%). The remaining jurisdiction has been contacted and is aware of the deadlines.
 - ii. As of December 2019, approximately \$28.1 million of the \$29.1 million of 30% local distribution funds have been distributed to member jurisdictions.
 - 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 December 2019.

- d. **Sales Tax Forecast Model V. Projection (Attachment D).** This chart reflects tracking of current fiscal year revenue on an actual to projection basis. A statistical packet called Palisade's Stat Tools is now used to improve the accuracy of the tracking. The reports from the tool are forecasting actual revenue to exceed NVTA projections. However, the tool is unable 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 December 2019
- B. FY2020 30% Distribution by Jurisdiction, through December 2019
- C. Month to Month Comparison of Sales Tax Revenue and YTD Receipts for December 2015 to 2019
- 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 December 2019
 FYE June 30, 2020

Regional Sales Tax		Received	Annualized	FY2020	Annualized - Actual	
Transaction Months	4	To Date	Revenue based	Budget	To Budget	
			on YTD Receipts			
City of Alexandria		\$ 6,158,683	\$ 18,476,049	\$ 16,379,177	\$ 2,096,872	
Arlington County		9,902,947	29,708,841	25,943,302	3,765,539	
City of Fairfax		2,514,326	7,542,978	7,506,931	36,047	
Fairfax County		40,166,888	120,500,663	114,583,396	5,917,267	
City of Falls Church		1,105,022	3,315,065	2,777,700	537,365	
Loudoun County		18,609,685	55,829,054	52,470,000	3,359,054	
City of Manassas		2,158,875	6,476,625	5,202,000	1,274,625	
City of Manassas Park		546,371	1,639,112	1,469,727	169,385	
Prince William County		14,087,482	42,262,446	39,514,160	2,748,286	
Total Sales Tax Revenue		\$ 95,250,278	\$ 285,750,833	\$ 265,846,393	\$ 19,904,440	7.5%

Vehicle License-Registration Fees		Received	Annualized	FY2020	Annualized - Actual	
Transaction Months	4	To Date	Revenue based	Budget	To Budget	
			on YTD Receipts			
City of Alexandria		\$ 55,820	\$ 167,461	\$ 564,162	\$ (396,701)	
Arlington County		\$ 87,671	263,013	932,871	(669,858)	
City of Fairfax		\$ 22,165	66,496	248,699	(182,203)	
Fairfax County		\$ 351,007	1,053,021	3,850,016	(2,796,996)	
City of Falls Church		\$ 9,968	29,904	88,448	(58,545)	
Loudoun County		\$ 165,395	496,184	1,768,831	(1,272,647)	
City of Manassas		\$ 19,345	58,034	170,283	(112,248)	
City of Manassas Park		\$ 4,763	14,288	52,506	(38,219)	
Prince William County		\$ 121,402	364,205	1,324,184	(959,978)	
Total Vehicle License-Registration Fees		\$ 837,535	\$ 2,512,605	\$ 9,000,000	\$ (6,487,395)	-72.1%
Total Revenue Received		\$ 96,087,812	\$ 288,263,437	\$ 274,846,393	\$ 13,417,044	4.88%
		\$ 96,087,812				

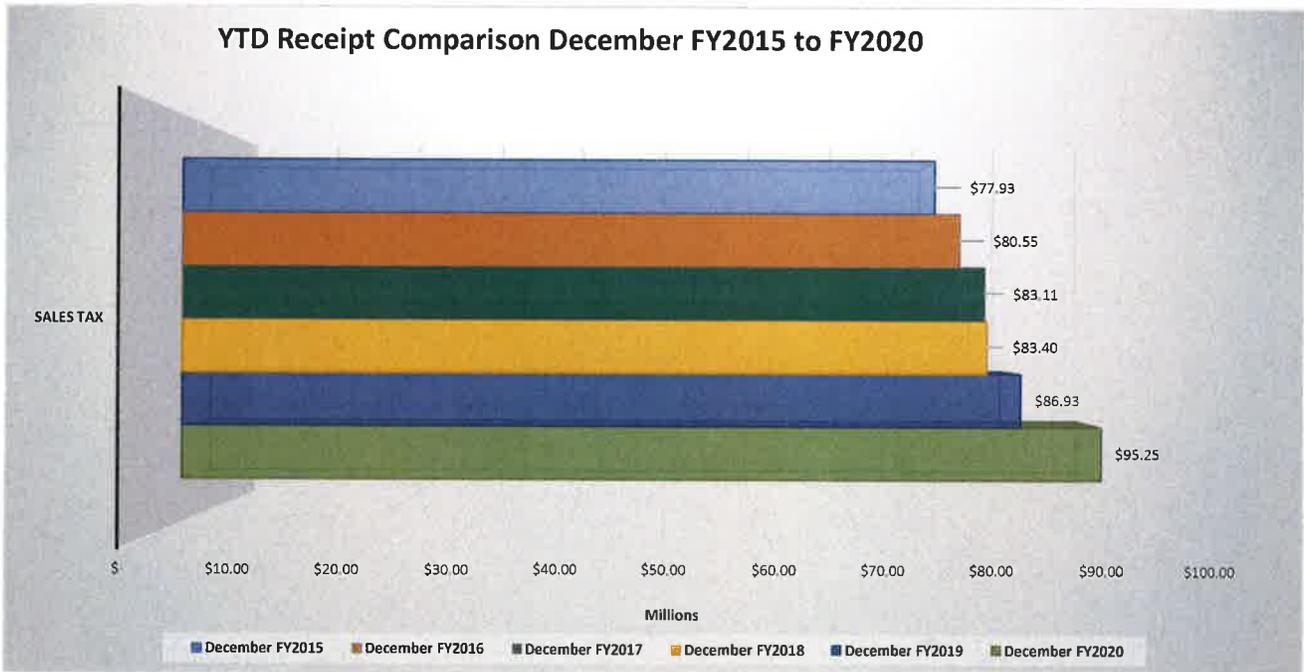
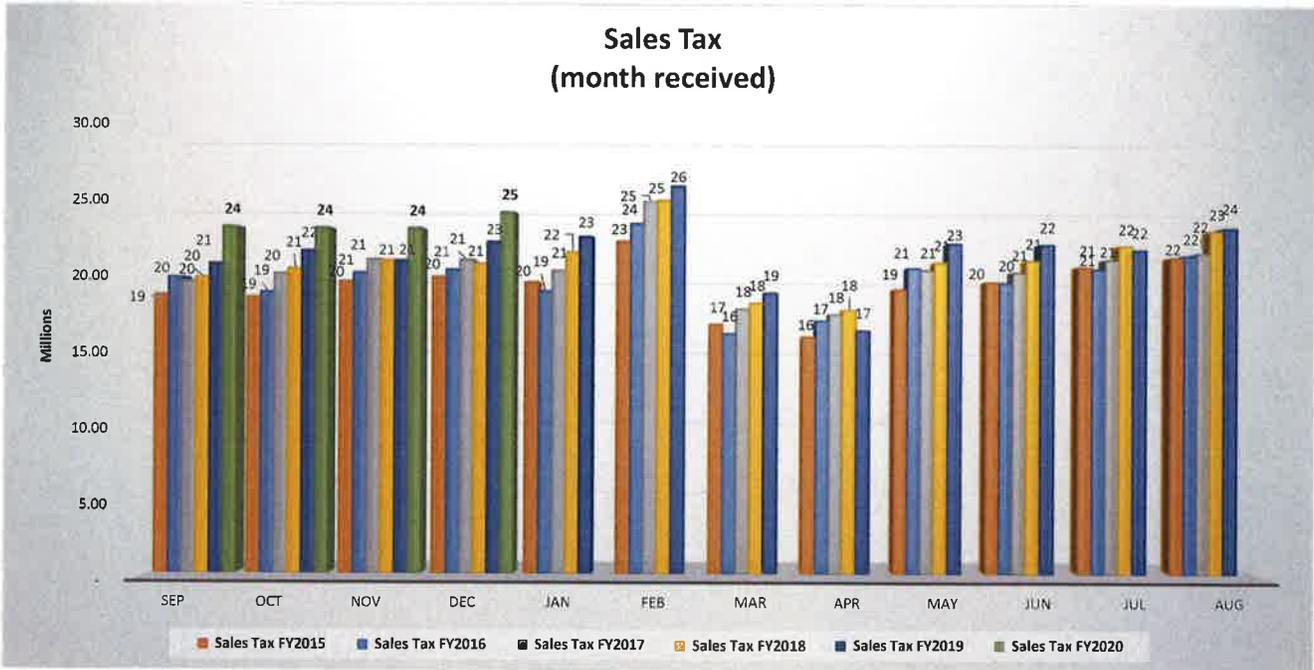
Attachment B

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY FY2020 30% DISTRIBUTION BY JURISDICTION

Based on: Revenue Data Through December 2019

Jurisdiction	Vehicle License- Registration Fee	Regional Sales Tax	NVTA Fund Interest	Cumulative Total	30% Funds	11/30/2019		Current Month Distribution	Total Funds Transferred
						Accrued Interest (1) (+)	Prior Distributions		
City of Alexandria	\$ 55,820.39	\$ 6,158,682.91	\$ 9,938.97	\$ 6,224,442.27	\$ 1,867,332.68	\$ 520.10	\$ 1,385,560.04	\$ 482,292.74	\$ 1,867,852.78
Arlington County	\$ 87,670.85	\$ 9,902,947.07	\$ 15,625.68	\$ 10,006,243.60	\$ 3,001,873.08	\$ 866.83	\$ 2,199,924.57	\$ 802,815.34	\$ 3,002,739.91
City of Fairfax	\$ 22,165.22	\$ 2,514,325.92	\$ 4,238.02	\$ 2,540,729.16	\$ 762,218.75	\$ 260.05	\$ 9,079,196.95	\$ 762,478.80	
Fairfax County	\$ 351,006.85	\$ 40,166,887.50	\$ 64,416.67	\$ 40,582,311.02	\$ 12,174,693.31	\$ 3,640.68	\$ 254,823.53	\$ 3,099,137.04	\$ 12,178,333.99
City of Falls Church	\$ 9,967.90	\$ 1,105,021.83	\$ 1,812.67	\$ 1,116,802.40	\$ 335,040.72	\$ 86.68	\$ 4,144,570.25	\$ 80,303.87	\$ 335,127.40
Loudoun County	\$ 165,394.66	\$ 18,609,684.72	\$ 30,409.47	\$ 18,805,488.85	\$ 5,641,646.66	\$ 1,733.66	\$ 1,498,810.07	\$ 1,498,810.07	\$ 5,643,380.32
City of Manassas	\$ 19,344.78	\$ 2,158,875.04	\$ 3,516.27	\$ 2,181,736.09	\$ 654,520.83	\$ 173.37	\$ 486,209.83	\$ 168,484.37	\$ 654,694.20
City of Manassas Park	\$ 4,762.52	\$ 546,370.69	\$ 876.25	\$ 552,009.46	\$ 165,602.84	\$ 86.68	\$ 114,926.91	\$ 50,762.61	\$ 165,689.52
Prince William County	\$ 121,401.79	\$ 14,087,481.84	\$ 22,679.83	\$ 14,231,563.46	\$ 4,269,469.04	\$ 1,300.25	\$ 3,202,499.34	\$ 1,068,269.95	\$ 4,270,769.29
Total Revenue	\$ 837,534.96	\$ 95,250,277.52	\$ 153,513.83	\$ 97,078,861.27	\$ 29,123,658.38	\$ 8,668.30	\$ 20,867,711.42	\$ 8,264,615.28	\$ 28,118,587.41

Interest 11/30/2019



ATTACHMENT D

NVTA Sales Tax Revenue Forecast: Model vs Actual vs Projection										
FY	Forecasting Data		Model Factors				Monthly		End of Year	
	Monthly Actual	Level	Trend	Season	Model Forecast	Statistical Variance	Model Forecast	NVTA Projected	Actual YTD	
	Sep-2017	\$20,154,895.20	20,986,894.60	72,017	0.98	\$20,618,625	-463,730		\$20,154,895	
	Oct-2017	\$20,786,302.49	21,051,585.23	72,017	0.99	\$20,822,133	-35,831		\$40,941,198	
	Nov-2017	\$21,343,035.02	21,106,845.69	72,017	1.01	\$21,427,109	-84,074		\$62,284,233	
	Dec-2017	\$21,115,954.89	21,059,504.51	72,017	1.03	\$21,721,464	-605,509		\$83,400,188	
	Jan-2018	\$21,915,158.59	21,242,334.02	72,017	1.01	\$21,361,090	554,068		\$105,315,346	
	Feb-2018	\$25,453,242.98	21,277,601.60	72,017	1.20	\$25,672,182	-218,939		\$130,768,589	
	Mar-2018	\$18,454,177.89	21,389,610.53	72,017	0.86	\$18,284,762	169,416		\$149,222,767	
	Apr-2018	\$17,961,787.93	21,538,120.30	72,017	0.82	\$17,650,617	311,171		\$167,184,555	
	May-2018	\$21,248,451.07	21,529,136.61	72,017	1.00	\$21,649,842	-401,391		\$188,433,006	
	Jun-2018	\$21,365,953.89	21,583,958.08	72,017	0.99	\$21,450,415	-84,461		\$209,798,960	
	Jul-2018	\$22,367,630.32	21,644,449.32	72,017	1.04	\$22,426,669	-59,039		\$232,166,590	
FY18	Aug-2018	\$23,408,268.73	21,754,559.35	72,017	1.07	\$23,206,917	201,352	\$256,291,825	\$255,574,859	
	Sep-2018	\$21,094,228.16	21,774,515.37	72,017	0.98	\$21,346,069	-251,841		\$21,094,228	
	Oct-2018	\$21,988,380.92	21,925,760.74	72,017	0.99	\$21,600,899	387,482		\$43,082,609	
	Nov-2018	\$21,319,898.61	21,799,677.29	72,017	1.01	\$22,313,845	-993,946		\$64,402,508	
	Dec-2018	\$22,602,475.35	21,905,289.49	72,017	1.03	\$22,432,045	170,430		\$87,004,983	
	Jan-2019	\$22,970,788.81	22,128,249.94	72,017	1.01	\$22,216,064	754,725		\$109,975,772	
	Feb-2019	\$26,427,800.56	22,147,993.11	72,017	1.20	\$26,739,228	-311,427		\$136,403,572	
	Mar-2019	\$19,145,453.91	22,247,215.72	72,017	0.86	\$19,030,204	115,250		\$155,549,026	
	Apr-2019	\$16,589,175.00	21,884,924.25	72,017	0.82	\$18,355,934	-1,766,759		\$172,138,201	
	May-2019	\$22,525,822.45	22,063,600.40	72,017	1.00	\$21,997,283	528,539		\$194,664,024	
	Jun-2019	\$22,453,420.16	22,231,767.75	72,017	0.99	\$21,981,149	472,271		\$217,117,444	
	Jul-2019	\$22,103,784.06	22,109,781.98	72,017	1.04	\$23,097,533	-993,749		\$239,221,228	
FY19	Aug-2019	\$23,605,506.73	22,163,130.14	72,017	1.07	\$23,704,186	-98,679	\$264,814,439	\$262,826,735	
	Sep-2019	\$23,603,917.67	22,619,292.19	72,017	0.98	\$21,745,645	1,858,272		\$23,603,918	
	Oct-2019	\$23,492,820.82	22,907,360.77	72,017	0.99	\$22,436,177	1,056,644		\$47,096,738	
	Nov-2019	\$23,534,125.70	23,024,137.56	72016.97	1.01	\$23,309,548	224,577		\$70,630,864	
	Dec-2019	\$24,619,413.33	23,279,779.56	72016.97	1.03	\$23,687,876	931,537		\$95,250,278	
	Jan-2020					\$23,605,486				
	Feb-2020					\$28,212,935				
	Mar-2020					\$20,122,873				
	Apr-2020					\$19,382,828				
	May-2020					\$23,683,298				
	Jun-2020					\$23,546,413				
	Jul-2020					\$24,630,321				
FY20	Aug-2020					\$25,493,201		\$279,856,603	\$265,846,393*	

*Current Fiscal Year Projection

NVTA Sales Tax Revenue Forecast 2014-2020: Model Observations

Winters' Exponential Smoothing Forecast

Forecasting Constants (Optimized)	
Level (Alpha)	0.202
Trend (Beta)	0.000
Season (Gamma)	0.000

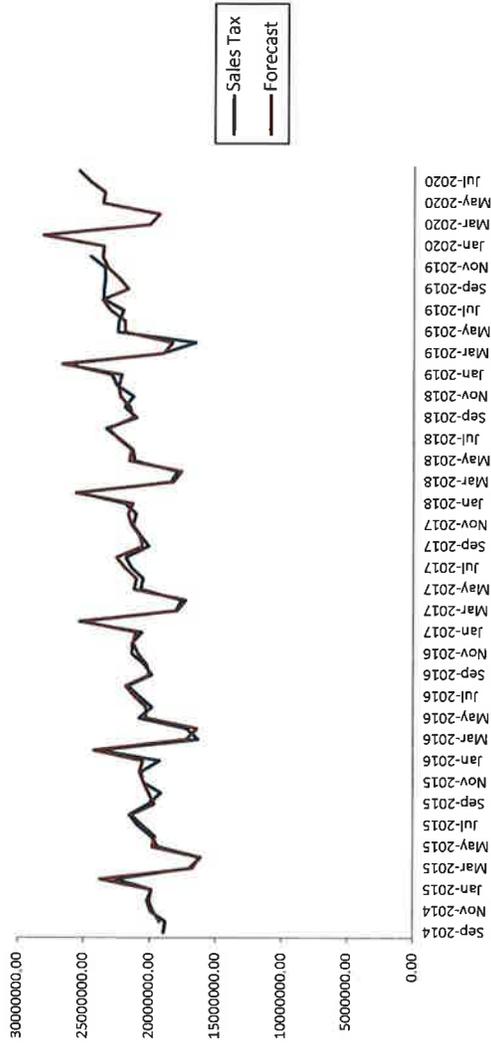
Winters' Exponential

Mean Abs Err	\$442,436.67
Root Mean Sq Err	\$591,409.13
Mean Abs Per% Err	2.14%

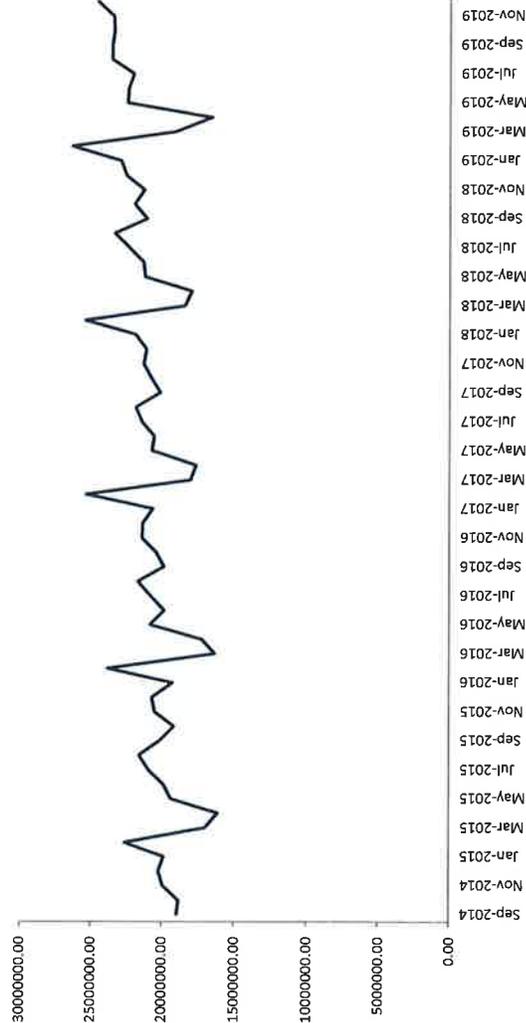
Description:

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: January 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:** 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 December 31, 2019, 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. December 2019 represents 50% of the fiscal year. At this point in time, the Authority has utilized 40% 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 December 31, 2019.

Attachment: FY2020 Operating Budget through December 31, 2019

01/07/20
10:43:34NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
Income Statement
For the Accounting Period: 12 / 19Page: 1 of 6
Report ID: LB170A

1000 General Fund

Account Object	Description	Current Year				%
		Current Month	Current YTD	Budget	Variance	
Expenses						
410000	Personnel Expenses					
110	Salaries-Regular Pay	107,616.94	644,593.93	1,474,032.00	829,438.07	44
130	Health & Dental Benefits	13,085.30	94,210.10	243,109.00	148,898.90	39
131	Payroll Taxes	6,035.72	39,994.75	112,878.00	72,883.25	35
132	Retirement VRS	16,682.34	53,310.38	120,377.00	67,066.62	44
133	Life Insurance	3,070.89	8,582.90	19,223.00	10,640.10	45
134	Flex Spending/Dependent Care	57.08	279.48	874.00	594.52	32
135	Workers Comp		1,474.00	1,621.00	147.00	91
137	Disability Insurance	3,097.23	10,360.17	16,654.00	6,293.83	62
	Total Account	149,645.50	852,805.71	1,988,768.00	1,135,962.29	43
420000	Professional Services					
210	Audit & Accounting Services		17,000.00	29,500.00	12,500.00	58
220	Bank Service			750.00	750.00	
230	Insurance		6,072.00	6,081.00	9.00	100
240	Payroll Services	116.78	1,095.21	2,606.00	1,510.79	42
260	Public Outreach & Regional Event Support	9,175.00	14,869.29	66,750.00	51,880.71	22
261	Legal/Bond Counsel Services		6,480.00	25,000.00	18,520.00	26
262	Financial Advisory Services		8,750.00	35,000.00	26,250.00	25
263	Bond Trustee Fees		2,687.50	2,700.00	12.50	100
264	Legislative Services	7,150.00	27,550.00	62,000.00	34,450.00	44
265	Investment Custody Svc		5,020.00	25,000.00	19,980.00	20
	Total Account	16,441.78	89,524.00	255,387.00	165,863.00	35
430000	Technology/Communication					
310	Acctg & Financial Report Systems	1,750.00	38,915.76	98,631.00	59,715.24	39
320	HW SW & Peripheral Purchase		9,413.06	5,600.00	-3,813.06	168
330	IT Support Svc Incl Hosting	1,587.03	10,872.06	23,374.00	12,501.94	47
335	GIS/Project Mgt/Modeling		-500.00	150,232.00	150,732.00	
340	Phone Service	859.60	4,406.39	10,716.00	6,309.61	41
350	Web Develop & Hosting	375.00	2,945.51	9,756.00	6,810.49	30
	Total Account	4,571.63	66,052.78	298,309.00	232,256.22	22
440000	Administrative Expenses					
410	Advertisement		195.00	1,500.00	1,305.00	13
411	Dues & Subscriptions	3,485.03	10,326.72	10,544.00	217.28	98
412	Duplication & Printing		3,874.87	16,640.00	12,765.13	23
413	Furniture & Fixture		7,802.12	8,100.00	297.88	96
414	Hosted Meeting Expenses	574.40	2,486.80	3,780.00	1,293.20	66
415	Mileage/Transportation	380.00	2,219.36	11,450.00	9,230.64	19
417	Office Lease	14,044.96	95,245.81	190,561.00	95,315.19	50
418	Office Supplies	103.94	2,088.89	8,065.00	5,976.11	26
419	Postage & Delivery		157.30	700.00	542.70	22
420	Professional Develop & Training	188.27	4,389.02	23,650.00	19,260.98	19
	Total Account	18,776.60	128,785.89	274,990.00	146,204.11	47

01/07/20
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NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
Income Statement
For the Accounting Period: 12 / 19

Page: 2 of 6
Report ID: LB170A

1000 General Fund

Account Object	Description	----- Current Year -----				%
		Current Month	Current YTD	Budget	Variance	
	Total Expenses	189,435.51	1,137,168.38	2,817,454.00	1,680,285.62	40
	Net Income from Operations	-189,435.51	-1,137,168.38			
Other Revenue						
383000	Transfer Operating Budget from Regional Revenue	740,948.25	1,481,896.50	2,963,793.00	-1,481,896.50	50
	Total Other Revenue	740,948.25	1,481,896.50	2,963,793.00	-1,481,896.50	50
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	551,512.74	344,728.12			