



**NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**  
*The Authority for Transportation in Northern Virginia*

**FINANCE COMMITTEE**  
**Friday, May 2, 2014 1:00 pm**

**Northern Virginia Transportation Authority, 3060 Williams Drive Suite 510**  
**Fairfax, VA 22031**

**Meeting Summary**

**I. Call to Order/Welcome**

Vice Chair Hynes

- Vice Chair Hynes called the meeting to order at 1:10 pm.
- Attendees:
  - ✓ Members: Vice Chair Hynes; Chairman Bulova; Council Member Rishell.
  - ✓ Staff: John Mason (Interim Executive Director); Michael Longhi (CFO); Peggy Teal (Accountant).
  - ✓ Council of Counsel: Ellen Posner (Fairfax County), Steve MacIsaac (Arlington County)
  - ✓ Other Staff: Monica Backmon (Prince William County), Jason Cournayer (Loudoun County), Jason Friess (Arlington County), Mark Thomas (Fairfax County), Brent Riddle (Fairfax County), Kristy Choi (PFM), JoAnne Carter (PFM), T.W. Bruno (McGuireWoods).
  - ✓ Visitors: Robert Whitfield.

**II. Minutes of the April 3, 2014 Meeting**

- Chairman Bulova moved to approve the minutes of April 3, 2014; seconded by Council Member Rishell. Motion carried unanimously.

**Action Items**

**III. FY 2015 Revenue Estimates**

Mr. Longhi, CFO

- Mr. Longhi presented a report of the FY2015 revenue estimates. The revenue estimates were previously presented at the April 3 Finance Committee and the April 17, 2014 Authority meetings. No changes have been made to the previously presented estimates.
- Chairman Bulova moved to recommend the Authority adopt the FY2015 revenue estimates; seconded by Council Member Rishell. Motion carried unanimously.

#### IV. FY 2015 Authority Budget

Mr. Mason, Interim Executive Director

- Mr. Mason presented the proposed Authority budget for FY2015. The FY2015 Budget consists of three segments; Operating Budget, 30% Funds Budget and 70% Regional Revenue Budget. Mr. Mason noted the FY2014 adopted budget was in a different format and only included the Operating Budget.
  - ✓ Mr. Mason requested attendees to direct their attention to Item 3. *Background* in the written report and restated the parameters used in the budget preparation were presented and approved at the April 17 Authority meeting.
  - ✓ Mr. Mason referenced his presentation to the Authority at the April 17 meeting requesting authorization to formally use the interest earned on the 70% Funds to offset the member jurisdictions' contributions to NVTAs' operating expenditures for FY2015.
- Ms. Posner expressed concern over the use of the 70% Fund interest earned to offset the operating budget expenditures. She explained that the Bond Validation suit did not include approval for the use of the interest earned on the 70% Funds. Ms. Posner stated that it is the opinion/recommendation of the Council of Counsels that the interest earned on the 70% Funds remain with the 70% Funds.
- Mr. Mason noted that this concern was not raised at the April 17 Authority meeting and that he was now uncomfortable including the 70% interest in the operating budget due to this new legal advice.
- Mr. Mason recommended removing the 70% interest from the FY2015 operating budget and adjusting the member jurisdictions' contributions accordingly.
- Discussion followed weighing the merits of postponing approval of the FY2015 Authority budget until the June meeting.
  - ✓ Ms. Carter, PFM Financial Advisor, shared that it would be advantageous to the interim financing to finalize the FY2015 Authority Budget.
  - ✓ Ms. Backmon informed the Finance Committee that she has discussed the budget with Mr. Mason and preferred to move forward to avoid jeopardizing the interim financing.
- Vice Chair Hynes moved to recommend the Authority adopt the proposed FY2015 Authority Budget comprised of the FY2015 Operating Budget, FY2015 30% Funds Budget and FY2015 70% Regional Revenue Budget as presented in the final version (change in use of interest earned on 70% Funds); seconded by Chairman Bulova. Motion carried unanimously.

#### V. Funding of Matched Reserve

Mr. Longhi, CFO

- Mr. Longhi noted plans for the establishment of a line of credit (LOC) to be replaced with long term bonds are moving forward. The request for proposals

for the LOC was scheduled to be released on May 2<sup>nd</sup>. The financing plan calls for the establishment of a matched reserve of an amount equal to the LOC. The Authority's estimated cash flow is projected to accommodate the establishment of the required matched reserve.

- ✓ Mr. Longhi explained that since NVTA's revenue is transaction based there is a natural payment delay in receipt of the funds. Remaining FY2014 revenues will be received between August and September.
  - ✓ Mr. Longhi advised the committee a funding strategy was developed with the assistance of the debt selection advisory team, comprised of debt managers from member jurisdictions. The Authority's bond counsel and financial advisor advised on the development of the strategy. The Council of Counsel was advised about the strategy.
  - ✓ Committee members asked for additional information on the proposed projects and noted concurrence by the affected jurisdictions must be provided prior to action by the full Authority. The Committee also wanted to be clear that this type of action is required to bridge between short-term and long-term financing, and is not expected to be necessary in future years once the working capital reserve is established.
- Vice Chair Hynes moved the Finance Committee recommend to the Authority the strategy to pace cash flow in a way that tracks the progress on projects so as to fund a matched reserve in support of the Line of Credit; seconded by Chairman Bulova. Motion carried unanimously.

#### **VI. Planned Use and Commitment of FY2014 Regional Revenue Balance**

Mr. Longhi, CFO

- Mr. Longhi explained that the Authority is projected to have a balance of unspent and unallocated 70% Regional Revenues at the end of FY2014. The term "unallocated" means not committed or reserved for PayGo projects. To the extent the FY2014 70% Regional Revenue balance is not used to pay debt service on the line of credit, it is beneficial for the Authority to commit such funds to preserve their identity as FY2014 70% Regional Revenues. The Authority can move or change the committed funds by approving a motion at a later meeting.
- Chairman Bulova moved the Finance Committee recommend to the Authority to make a formal commitment of any 70% Regional Revenue balances to ensure clarity of their status as FY2014 revenues; seconded by Vice Chair Hynes. Motion carried unanimously.

### **Information/Discussion Items**

#### **VII. Review of Purchase of General Ledger Accounting System** Mr. Longhi, CFO

- Mr. Longhi explained the Authority manages three funds, the Operating Fund, the 30% Distribution Fund and the 70% Regional Revenue Fund. Most

government accounting systems can manage the first two therefore the selection effort focused on the requirements for the 70% Regional Fund. Efforts were made to select a system which could allow executive view access to a dashboard with report flexibility. The initial year cost is approximately \$25,000 and \$11,809 for subsequent years.

**VIII. NVTA Receipts Report** Mr. Longhi, CFO

- Mr. Longhi explained that the receipts report is the same as the one presented at the April 17 Authority meeting with one change. Prince William County is now receiving its 30% distribution.

**IX. NVTA Operating Budget** Mr. Longhi, CFO

- Mr. Longhi explained the attached report represents an update on the NVTA Operating Budget. NVTA is operating below the adopted budget. The difference from the last budget is the purchase of minor supplies and the addition of staff.

**X. Update on NVTA Financing Activities** Mr. Longhi, CFO

- No written report given. Topic discussed in conjunction with items above.

**Adjournment**

**XI. Adjournment**

- Meeting adjourned at 1:50 pm.

**Next Meeting: June 6, 2014 – 1:00 pm**

3060 Williams Drive (Suite 510)  
Fairfax, Virginia