



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Friday, June 19, 2015 1:30PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

AGENDA

I. Call to Order/Welcome Chairman York

II. Summary Minutes of the April 17, 2015 Meeting
*Recommended action: Approval [with abstentions
from those who were not present]*

Action Items

III. Financial Advisor Agreement Mr. Longhi, CFO
Recommended action: Recommend NVTA Approval of Agreement

IV. Debt Policy Update Mr. Longhi, CFO
Recommended action: Recommend NVTA Approval of Policy Update

V. Employee Disability Insurance Mr. Longhi, CFO
Recommended action: Recommend NVTA Approval of Insurance

Information/Discussion Items

VI. NVTA Monthly Revenue Report Mr. Longhi, CFO

VII. NVTA Operating Budget Report Mr. Longhi, CFO

VIII. Financial Activities Update – (no written report) Mr. Longhi, CFO

Adjournment

IX. Adjournment

Next Meeting: July 17, 2015 1:30 PM
3040 Williams Drive, Suite 200, Fairfax, Virginia



Northern Virginia Transportation Authority

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FINANCE COMMITTEE
Friday, April 17, 2015 1:30PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

MEETING SUMMARY

I. Call to Order/Welcome

Chairman York

- Chairman York called the meeting to order at 1:02pm.
- Attendees:
 - ✓ Members: Chairman York; Chair Hynes (arrived 1:08pm); Mayor Parrish, Council Member Rishell.
 - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer); Keith Jasper (Program Coordinator); Camela Speer (Clerk).
 - ✓ Council of Counsels: Ellen Posner (Fairfax County); Steve MacIsaac (Arlington County).
 - ✓ Other Attendees: Noelle Dominguez (Fairfax County); Peter Malgieri (Loudoun County); Carl Hampton (Prince William County); Kristy Choi (PFM).

II. Summary Minutes of the February 20, 2015 Meeting

- Mayor Parrish moved to approve the minutes of February 20, 2015; seconded by Council Member Rishell. Motion carried unanimously.

Action Items

III. Budget Adjustment – FY2014 Regional Revenue Fund

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the budget adjustment to cancel an FY2014 appropriation of \$7 million in Regional Revenue Funds. He noted:
 - ✓ This is a voluntary withdraw from the Washington Metropolitan Area Transit Authority (WMATA).
 - ✓ The \$7 million is programmed in the Regional Revenue Fund and this action will make those funds available for Regional Revenue Fund purposes.
- Council Member Rishell moved that, based on the voluntary request from the Washington Metropolitan Area Transit Authority (WMATA) to withdraw its FY2014 funding request of \$7 million for new buses, the Finance Committee

recommend to the Authority cancellation of the FY2014 appropriation; seconded by Mayor Parrish.

- It was noted that the request was withdrawn due to WMATA needing more time for coordination of this purchase.
- Motion carried unanimously.

IV. Draft FY2016 – Regional Revenue Fund Budget

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the draft proposed FY2016 Regional Revenue Budget. He noted that the Executive Director is forming an advisory panel to develop policy recommendations related to the establishment of a Contingency for Approved Projects and a Transportation Projects Reserve, within the Regional Revenue Fund. He reviewed the items contained in the Fund, specifically noting:
 - ✓ There is consensus to use Regional Revenue Funds of \$2.5 million for the TransAction Update.
 - ✓ The Contingency for Approved Projects and the Transportation Projects Reserve are included in the draft budget, however, no funds will be taken out of the reserves until the policies for them have been established.
 - ✓ The following wording changes have been requested to the staff report on the item referencing the Transportation Projects Reserve:
 - “This reserve is targeted to ensure funds ‘may be’ instead of ‘are’ available.”
 - Strike the word “leverage” with the new sentence reading, “This reserve may also be used to set aside resources for projects which additional funding may not have been previously available . . .”.
- Mr. Longhi explained the reserves.
 - ✓ The Contingency for Approved Projects is proposed at 3.8% of the FY2016 budget and is targeted to assist with approved projects that although they have a contingency built into their budget, may have unanticipated overrun costs that exceed the built in contingency. It has been made clear to project submitters that they need to include a contingency in all project budgets. If the Contingency Fund is not used it will carry over to next year. To use this reserve, the Committee must approve use of these funds.

(Chair Hynes arrived.)

- ✓ The Transportation Projects Reserve is targeted to be used as a “savings account” for future projects. All funds in the Regional Revenue budget are restricted. This reserve would be an accumulator. It may be used to leverage other funding sources and as a reserve for projects that would be so large in size that they could cause a dip in funding for other projects.
- Chairman York stated that he is absolutely in support of the Transportation Projects Reserve, as there will be regional projects that will have large budgets, whether transit or roadway.

- Mr. Longhi added that with the approval of the Committee the draft budget will move forward for Authority adoption next week. The policy adoption will be in the future, noting that the motion includes that no funds in the Contingency Reserve or Transportation Projects Reserve will be used until the policies are adopted.
- Robust conversation followed with the following key points:
 - ✓ Voting for this draft budget will only allow the Transportation Projects Reserve line item to remain in the budget until the policy is developed. If the Reserve is not approved once the policy is written, monies will go back into general fund.
 - ✓ There is a large amount of money available, so it makes sense to keep some for future larger projects.
 - ✓ The citizens paying the tax money want to see results, so perhaps we need to spend the money sooner.
 - ✓ Larger projects could be accomplished through bond funding.
 - ✓ Reserving this money now, before projects are authorized is taking money from projects ready for funding now.
 - ✓ Should have additional conversation about this Reserve when we have the big picture of a full Six Year Program.
 - ✓ Approval of this Reserve is going to be about the policy we write.
 - ✓ Concern was expressed that with the contingencies and reserves there are almost \$130 million sitting in reserves.
- Mr. Longhi added that in ongoing discussions about project funding there is conjecture both that we are spending too much of the money and that we are not spending enough. He noted:
 - ✓ There is currently \$359 million left after all commitments and this was the number given to the PIWG to use when recommending projects for funding. This number accounted for the TransAction Update cost and the reserves. This is the money available for FY2015/16 projects.
 - ✓ The PIWG has recommended \$337.9 million and has now added an additional \$8 million for a total recommendation to the Authority of \$345.9 million, leaving \$13.1 million in un-programmed funds. These funds will stay in the Regional Revenue Fund.
 - ✓ The Working Capital Reserve of \$103.5 million will be fully funded in FY2016. The Debt Service Reserve of \$5.5 million was funded out of bond proceeds. These are Restricted Reserves of \$109 million that have very little latitude as to what can be done with them.
 - ✓ The Contingency for Approved Projects is proposed at \$7.8 million, which is 3.8% of the draft budget. That number is an average percentage for funds of this type.
 - ✓ The Transportation Projects Reserve is proposed at \$12 million or 3%, as previously suggested by the Committee.
- Mr. Longhi summarized that the Authority has directed reserves of \$19.8 million and un-programmed funds of \$13.1 million, for a total of \$32.9 million. When the Restricted Reserves are added, there are \$141.9 million in reserves and un-

programmed funds. This shows that the Authority is being very responsible with its funds and the financial markets like that.

- There was consensus that Mr. Longhi use the spreadsheet presented to the Committee and the same level of detail about the reserves and un-programmed funds when presenting the draft budget to the Authority. It was suggested that a statement be added that the total of \$359 million includes funding for all reserves.
- Further discussion followed about the Transportation Projects Reserve Fund.
 - ✓ It was suggested that the percentage proposed for the Transportation Project Reserve should be revisited.
 - ✓ It was suggested that the amount allocated to the Transportation Projects Reserve should remain with the rest of the money in the Regional Revenue Fund for programming and to do projects. Mr. Longhi responded that from an accounting and a legal perspective, those funds will never leave the Regional Revenue Fund, it is a subcategorization.
 - ✓ It was recommended that there be three pots of money: money for approved projects, a contingency reserve and a percentage of money set aside each year to grow the funds to allow for funding of very large projects.
 - ✓ Policy development is critical.
 - ✓ It was suggested that instead of the Reserve we should just take the money from the available funds when the projects are approved.
 - ✓ It was proposed that we start a savings account for very large projects in the future, or these large projects will not get done.
 - ✓ It was suggested that as we move forward and projects evolve, the smaller projects may be taken care of and larger projects will be able to get the funding.
- Mr. Longhi clarified that this is intended to put a self-imposed restriction on available funds and allow the Reserve to accumulate. He clarified that this is a cumulative fund.
 - ✓ It was noted that there are still proposed projects that can be funded.
 - ✓ It was suggested that we let the money sit until the policy is developed.
 - ✓ It was recommended that the Transportation Projects Reserve line item in the budget be zero and the \$12 million placed with the un-programmed monies.
 - ✓ It was recommended that this needs further discussion at the Authority level.
- Chairman York moved to recommend the Authority approval of the draft FY2016 Regional Revenue Fund budget, minus the \$12 million Transportation Projects Reserve line item; seconded by Chair Hynes. Motion failed with two (2) yeas and two (2) nays.
- It was suggested that there needs to be more discussion on how to fund large projects, and whether to bond them.
- Chairman York moved to recommend the Authority approval of the draft FY2016 Regional Revenue Fund budget, with the adjustment to the Transportation Projects Reserve line item to reflect an amount of zero; seconded by Mayor Parrish.

- Concern was expressed that once things are in writing, they take on a sense of momentum and inevitability.
- It was noted that the Authority had directed staff at the last meeting to draft a policy regarding the Transportation Projects Fund.
- Motion carried unanimously.

Information/Discussion Items

V. TransAction Update – Procurement Status

Mr. Jasper, NVTA

- Mr. Jasper updated that Committee on the status of the TransAction Update procurement. He highlighted:
 - ✓ Need to start very soon.
 - ✓ Update is significant as it is the first one since HB 2313 was passed.
 - ✓ Update needs to be ready for FY2018 for full Six Year Program funding.
 - ✓ The JACC created the TransAction subcommittee to develop a statement of work.
 - ✓ NVTA staff has been working on other components of the RFP.
 - ✓ Will bring to Authority next week to approve the statement of work and the release of the RFP.
 - ✓ It is anticipated that the recommendation of the selected firm will come to the Finance Committee in June.
- Mr. Jasper noted that the cost estimate of \$2.5 million had been developed by the subcommittee by creating the statement of work and attempting to cost the tasks in the statement of work. Additionally, based on various factors and previous budgets, the amount of \$2.5 million was agreed to complete the TransAction Update with a robust process. Mr. Longhi added that this update will also include a more robust public outreach component and that there is a contingency built in. Ms. Backmon stated that the budget for the last update had been \$1.2 million.
- Mr. Jasper confirmed that there are at least three firms in this area with the ability to do this work, possibly double that.

VI. NVTA Advisory Panel – Regional Revenue Fund, Contingency and Reserve Policy Development

Ms. Backmon, ED

- Ms. Backmon stated that the Advisory Panel will help staff develop policies in the future and will involve staff from member jurisdictions and agencies. She clarified that the Advisory Panel will be different from the JACC as there will be a need for financial support, as well as technical support. She noted that there will likely be crossover between the members of the two.

VII. Draft Policy – Standard Project Agreement Activation

Ms. Backmon, ED

- Ms. Backmon stated that the purpose of this policy is to handle projects that have been approved for funding, but do not have an approved SPA. This will allow for the Authority to de-obligate the funds for a project if a SPA is not adopted within 6 months of approval. This is not automatic, but will give the Authority the ability to defund a project not advancing.
- Ms. Backmon clarified that NVTAs staff will discuss these situations individually with submitting jurisdictions or agencies and then report back to the Finance Committee and Authority with a recommendation. She stated that the Authority will need to approve any defunding.
- Ms. Backmon added that this policy will be in effect for the FY2105-16 and FY2017 Programs. She noted that there are still two projects in FY2014 that do not have SPAs. She stated that this policy will need to be revisited when we embark on full Six Year Program, as a six month time frame may not be feasible with a longer term program.

VIII. Financial Activities Update – (no written report)

Mr. Longhi, CFO

- Mr. Longhi summarized that there are two items in the employee benefits package that have not been completed yet.
 - ✓ Short Term and Long Term Disability. This is because it is a challenge to get a good policy with only six employees. He noted that NVRC and NVTC have the same challenge and we are looking into a collaborative procurement, but this may not work. Mr. Longhi clarified that we cannot ride on a contract with another organization, as insurance companies do not allow for that.
 - ✓ 457 Tax Deferral Plan. This is an Employee Tax Deferred Savings Plan and has just been a matter of time resources.
- Mr. Longhi stated that the implementation of the general ledger system was projected to be in April and we are 90% complete. He noted that, in order to maintain consistency with the financial reports currently being presented to Authority, we will be phasing in the new financial reports that this system generates in the fall. He added that we are on budget and do not anticipate any changes. Mr. Longhi thanked Ms. Teal for doing the heavy lifting in setting up the general ledger system.
- Mr. Longhi noted that the Annual Certification process is coming up and while we have no major process problems, there are ways we can make the process smoother. He stated that the NVTAs staff will be presenting a workshop to discuss process and to include lessons learned from the NVTAs staff and the jurisdictional staff. He added that we will be doing the same thing for the SPA process. Mr. Longhi stated that this will be to improve the clarity of the process and will not create any interruption in the acceptance of SPAs.

IX. NVTA Monthly Revenue Report

Mr. Longhi, CFO

- Mr. Longhi noted that the increases being reported recently in the State revenue budget are already incorporated in the NVTA monthly revenue budget.

X. NVTA Operating Budget Report

Mr. Longhi, CFO

- No verbal report.
- Ms. Backmon mentioned the invitation to the upcoming NVTA Ground-breaking on May 11.
- Chairman York asked for an update on the result of the discussion at the PIWG regarding the NVTA funding studies. Ms. Backmon responded that those projects were being updated for further clarification as some of the projects listed as studies were really in the PE stages. She added that some also include initial design and PE in the project request.
- Council Member Rishell asked if the VRE parking expansion is still in the proposed project list. Ms. Backmon responded that it is and that the money requested from the Authority will get this project into PE.

Adjournment

XI. Adjournment

- Meeting adjourned at 2:00pm.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman York and Members of the NVTa Finance Committee
FROM: Michael Longhi, Chief Financial Officer
DATE: June 19, 2015
SUBJECT: Financial Advisor Agreement

- 1. Purpose:** Present proposed Financial Advisor Agreement for consideration of a recommendation to the Authority for approval.
- 2. Suggested Motion:** *I move the Finance Committee recommend to the Authority, approval of the proposed Financial Advisor Agreement with Public Financial Management, Inc. and authorize the Chief Financial Officer to sign the attached agreement.*
- 3. Background:** The Authority entered into an agreement with Public Financial Management, Inc. (PFM) on June 20, 2013 through a cooperative procurement with Prince William County. The focus of this agreement was analysis of financing capacity and options, preparation for rating agency presentations and analysis, preparation and execution of interim and permanent financing as well as general advisory services related to pre and post sale bond activities. Previously, PFM provided similar analysis and advice to the Authority during 2007 and 2008.

The Authority's entrance into the public finance market with interim financing and the Series 2014 Bonds was well advised by PFM as evidenced by strong first time bond ratings (Aa1,AA+,AA+), low interest costs on the interim and permanent financing and the oversubscription of the Series 2014 Bonds.

PFM performed extensive analysis for the Authority on debt vs. PayGo funding options, financial alternative and debt structures, debt service coverage thresholds and participated in foundational financial working group meetings. Much of this work was captured in a July 2013 report to the Authority. This report is foundational to recommendations for the future long range financial planning of the Authority.

Consistency is an important factor in the planning of financial activities and presentment of current and planned activities to the capital markets and rating agencies.

- 4. Current Situation:** The current services agreement with PFM needs to be revised to reflect the transition from startup activities to ongoing advisory services with the expectation of future bond issuance and the development of a long term plan of finance consistent with a six year transportation project plan.

An updated procurement rider was made available from Prince William County. Based on this rider, and the future needs of the Authority, a new scope of work was developed with PFM. This scope of

work covers a three year period through May 31, 2018 and covers on-going advisory services related to future debt financing activities.

Attachment: Financial Advisory Services Agreement with PFM



The PFM Group

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May 29, 2015

Michael Longhi
Chief Financial Officer
Northern Virginia Transportation Authority
3040 Williams Drive, Suite 200
Fairfax, Virginia 22031

Dear Mike:

On behalf of The PFM Group (“PFM”), I am pleased to submit this engagement letter to continue assisting the Northern Virginia Transportation Authority (“NVTA”) with its financial advisory needs, including any financing activities or related assignments. The firm welcomed the initial opportunity to work with the NVTA and its stakeholders in 2007 and was delighted to advise NVTA as it accomplished two key milestones in 2014: obtaining its inaugural credit ratings of Aa1/AA+/AA+ and successfully selling its first series of revenue bonds in the public market.

As you know, PFM has served as financial advisor to the NVTA since 2007, and in December 2014, we concluded most of an initial scope of work dated June 20, 2013 (the “Initial Scope”) designed to enable NVTA to enter the capital markets to finance an initial tranche of projects approved by the NVTA Board on July 24, 2013. At this time, NVTA desires for PFM to continue to provide on-going financial advisory services described herein. The balance of this letter sets forth a detailed scope of work, including the project team and compensation proposal for your consideration.

Scope of Work

Based on our previous discussions, it is our understanding that the NVTA is seeking PFM’s assistance with a broad scope of financial advisory work that NVTA may need over the period commencing on July 1, 2015 and ending on May 31, 2018. This scope may include activities associated with the issuance of long term bonds, interim financing or other types of financing, on-going advice sought by NVTA on its various financial matters, the review and analysis of financial policies and development of a long term plan of finance to align with NVTA’s development of a multi-year capital improvement plan. The scope of work is presented below.

Interim Financing

As you know, PFM advised NVTA regarding the implementation of interim financing in the form of a line of credit in June, 2014. Should NVTA determine to pursue a similar approach in the future, PFM proposes the following scope of work:

- a) Draft a line of credit request for proposals (RFP), to include an appendix of key credit information regarding NVTA
- b) Recommend a distribution list for the RFP including market providers of the line of credit and firms which have provided favorable proposals for such facilities to NVTA Member Jurisdictions
- c) Evaluate and summarize proposals received by NVTA in response to its RFP
- d) Provide input and technical support to the efforts of the NVTA Selection Advisory Team who will conduct an evaluation of the proposals



- e) Conduct any necessary follow up with proposers to gather additional information, as needed
- f) Support NVTA and its legal counsel in the negotiation of documentation, including covenants and other matters, related to the line of credit
- g) Advise NVTA as to the structure (interest rate, maturity, etc.) of any draws on the line
- h) Coordinate the efforts of the working group, including the preparation of financing schedules and working group distribution lists
- i) Review legal documents prepared by the line of credit bank's counsel, NVTA's Council of Counsels, and/or NVTA's bond counsel to facilitate the closing of the facility
- j) Attend meetings and conference calls, as necessary

Long Term Public Bond Issuance

As NVTA develops a long range plan of finance to align with the timing of projects in its capital improvement plan, it may decide to pursue additional long term permanent financing pursuant to its Master Indenture of Trust dated as of December 1, 2014. PFM would lead and manage the bond transaction process in accordance with the following scope of work:

- 1) Develop and manage to a comprehensive financing schedule
- 2) Manage the transaction and coordinate the activities of the financing team, minimizing NVTA staff's administrative burden
- 3) Participate in financing team calls and meetings
- 4) Attend Debt Sub-Committee/Advisory Team meetings, NVTA Board meetings, NVTA Finance Committee meetings and other meetings or calls, as requested
- 5) Develop a recommended plan of finance and structure the bond issue reflecting NVTA objectives, market conditions, industry standards and credit factors
- 6) Prepare financial analysis, bond sizings and other quantitative factors pertaining to the plan of finance and structural features of the bonds
- 7) Review bond sale documentation, as prepared by legal counsel, and make recommendations as appropriate. This documentation may include (but not be limited to) the preliminary official statement, official statement, master indenture, supplemental series indentures, Board resolutions, tax and closing certificates, and other financing documents.
- 8) Develop RFPs, obtain proposals and recommend financial printers, bond trustees, escrow agents, feasibility consultants (if any), credit enhancers and similar vendor services, as appropriate
- 9) Formulate and advise regarding credit strategy
 - a) Determine appropriate credit and ratings strategy
 - b) Coordinate and attend meetings with rating agencies
 - c) Provide outline and agenda for the rating presentation
 - d) Design and prepare materials for presentation
 - e) Recommend presentation messaging and format
 - f) Conduct rehearsal of presentation
 - g) Provide "what to expect" and "opposition prep" type advice and guidance to presentation participants
 - h) Coordinate dialog with the rating agencies throughout the process
- 10) If necessary, formulate, advise & implement a credit enhancement strategy
 - a) Analyze cost effectiveness of credit enhancement
 - b) Determine appropriate credit enhancement strategy
 - c) Coordinate meetings/calls with credit providers, as appropriate



- d) Implement process to secure bids from credit providers, as appropriate
- e) Negotiate provisions of credit enhancement, if any
- 11) Develop and conduct informational meetings with institutional investors, as needed
- 12) Recommend a negotiated or competitive sale
 - a) If the sale is competitive:
 - i) Ensure the preliminary official statement and notice of sale is circulated to the broadest, yet targeted underwriting audience
 - ii) Structure the bonds to ensure optimal marketability
 - iii) Draft the notice of sale, to include crafting bid parameters matching NVTA's financial objectives and balancing market appetite
 - iv) Conduct presale marketing efforts, including but not limited to calls to underwriters and prospective bond buyers to provide information and address questions
 - v) Organize and attend receipt of bids
 - vi) Determine the true interest cost and make a recommendation to accept or reject bids
 - b) If the sale is negotiated:
 - i) Assist with development, issuance, and evaluation of responses to an RFP for underwriting services
 - ii) Advise on selection of the senior managing underwriter and underwriting syndicate including the use of co-managers, and appropriate order period policies
 - iii) Review pricing and relevant market data prior to the sale including comparable information to develop an appropriate pricing target for NVTA's bonds
 - iv) Lead negotiations with the underwriter during the pricing process
- 13) Assist with closing the transaction
 - a) Draft closing memorandum outlining each closing wire
 - b) Review and comment on the final official statement and closing documents
 - c) Furnish final debt service schedules and other financial schedules as needed
- 14) Prepare a post-sale report that describes the essential elements of the transaction and its outcome

Development of Long Term Plan of Finance

As you know, NVTA is in the process of compiling its Six Year CIP, and the Board has selected projects for funding during the fiscal years 2014, 2015 and 2016. Additionally, NVTA is commencing the update process for its long range comprehensive plan, known as Transaction2040, a process which is expected to span at least a year, if not two.

As NVTA continues this project planning, prioritization and selection process, it will seek to simultaneously develop a multi-year long range plan of finance to identify sources of funds to match the planned capital expenditures. This effort will build upon the initial financial effort undertaken by PFM in July 2013 and presented to the NVTA board in July, 2013, however, it will be more specific and detailed given the capital and project planning developments to date. This effort will identify an optimal mix of pay-as-you-go vs. debt sources and financing strategies to meet NVTA's expected cash flows, consistent with NVTA's debt and reserve policies and maintenance of its credit ratings. Additionally, the outcome of such effort will identify a range of NVTA's total project funding capacity under a range of assumptions and scenarios while providing a future-looking strategic financial roadmap for NVTA's various stakeholders including the credit rating agencies as well as current and potential investors.



The strategic financial plan will be documented through a combination of analytical models and a comprehensive PowerPoint document. Similar to the effort in July 2013, PFM will provide presentations as necessary to the NVTA Finance Committee, NVTA Board and other stakeholder groups throughout the course of the development of this plan. Lastly, PFM would recommend meetings or conference calls with the rating agencies at the conclusion of this financial planning effort (even if a bond issuance is not planned) to communicate its long term strategic financial plan. As you know, this element of NVTA's financial strategy was still "under construction" during the initial meetings with the rating agencies in 2014, yet it represents an important part of their analysis warranting timely communication with the credit analysts.

On-Going Advisory Services

In pursuing its organizational mission to fund capital projects, NVTA may require assistance from PFM from time to time with various tasks related to and in support of potential, future financings. The following list describes some potential tasks that NVTA may request of PFM over the course of this engagement:

- a) Review and comment regarding various interlocal or other agreements
- b) Coordinate with and advise the NVTA staff, the Council of Counsels and Bond Counsel with regard to the financial/credit rating/bond market aspects of any legal matters and/or legislative strategy
- c) Review and comment regarding the NVTA's cash flow model
- d) Review, comment and assist with development of various of NVTA's adopted policies or procedures, including but not limited to NVTA's debt policy, reserve policies, and/or investment policies
- e) Perform annual credit assessments of NVTA's credit metrics consistent with rating agency criteria and facilitate an annual credit surveillance process with rating agencies in between bond issuance (next expected in Fall 2015)
- f) Participate in regional working group meetings and efforts upon request
- g) Attend regular meetings of the Finance Committee and Board
- h) Monitor NVTA's debt portfolio for refinancing opportunities
- i) Review financial strategies and concepts submitted to NVTA by third parties (such as NVTA's underwriters) upon request
- j) Once initially established, annually review and update NVTA's long term plan of finance

Note that the investment policy review portion of scope of service item d would be performed by professionals in PFM Asset Management LLC (PFMAM), an affiliate of Public Financial Management, Inc. (which is a registered Municipal Advisor with the MSRB and SEC) pursuant to a separate, written directive from NVTA. PFMAM is registered under the Investment Advisors Act of 1940, and provides investment advice and portfolio management for governmental and not-for-profit organizations.

Project Team

PFM will continue to staff this engagement with a mix of individuals from our Arlington, Virginia office who have been working with NVTA to date.

I will serve as engagement manager for this assignment and will oversee the project to ensure that appropriate PFM resources are deployed as needed. I will also serve as the primary project manager and day-to-day contact with primary transaction and technical support from Kristy Choi, Sr. Managing Consultant.



Additionally, the PFM team will include Sarah Frey, Director, Melvin Waldrop, Senior Managing Consultant and Hannah Mayhew, Sr. Analyst from PFM's Arlington office, who will provide technical and analytical support as needed. These individuals are part of the PFM teams that have provided day-to-day support to several of the member jurisdictions of NVTVA, including Arlington County, Fairfax County, Prince William County and the City of Manassas on their debt transactions and other financial matters. Kevin Rotty, a Managing Director with PFM in our Richmond office, will provide senior project support as needed.

To augment the expertise of the core team here in Northern Virginia advising the NVTVA, we will draw upon specialized, expert resources around the firm relevant to NVTVA's scope of services requested. The leader of PFM's Transportation Practice, David Miller, Managing Director, will provide subject matter expertise to the PFM team as needed. Mr. Miller is based in PFM's Orlando office and advises some of the nation's largest transportation agencies similar to NVTVA. Mr. Miller also has a long history advising transportation clients in Virginia as well. His clientele includes the Hampton Roads Transportation Planning Organization (and its predecessor entity, the Hampton Roads Planning District Commission), the Chesapeake Bay Bridge and Tunnel District, the City of Chesapeake (VA) Expressway, the North Carolina Turnpike Authority, the Kentucky Public Transportation Infrastructure Authority and the South Carolina Transportation Infrastructure Bank, among many others.

The core PFM team will also draw upon the specialized expertise of PFM's Pricing Group during the pricing of NVTVA's bonds. Our Bond Pricing Group provides centralized access to market information and trends, cultivates direct professional peer-to-peer relationships with underwriting desks, and fosters better outcomes for new clients during the negotiated underwriting process. The Pricing Group is led by Todd Fraizer, Managing Director, who has advised on over \$100 billion of bond transactions for our clients.

Finally, Nelson Bush, Managing Director, Craig Robinson, Senior Managing Consultant and Katia Frock, Director offer investment management and arbitrage rebate/post issuance compliance expertise with a focus on investing public funds in the Commonwealth. These individuals, via PFM's affiliate, PFM Asset Management LLC manage the Virginia State Non-Arbitrage Program ("SNAP"). Mr. Bush, a representative of that program, is located in the Arlington, Virginia office along with Mr. Robinson and works closely with the financial advisory team. As such services are needed, these professionals will be available to NVTVA.

Compensation Proposal

PFM proposes to be compensated in phases to match the progression of activities under the scope of work.

Existing Financings

For services related to the development and implementation of a line of credit as an interim financing strategy, PFM proposes a transaction fee of \$42,000 plus out of pocket expenses. We estimate out of pocket expenses would not exceed \$2,000.

For the tasks associated with the development and implementation of any long term financing under NVTVA's existing Master Indenture of Trust, PFM proposes a transaction fee of \$184,000 plus out of pocket expenses. Depending on the venue for NVTVA's rating agency meetings, bond pricing and bond closing, our estimate for out of pocket expenses would vary from \$5,000 to \$10,000. We would provide a more concrete estimate closer to sale. Should an interim financing or permanent financing schedule be delayed beyond what is anticipated at the time of mobilization/kick of the transaction, PFM will invoice NVTVA for that percentage of work complete at the time of the work delay or stoppage.



New Financings

For new credit/borrowing programs that may be developed, PFM would propose a compensation structure for NVTA's consideration at the time such credit and legal structure is known. Such compensation structure would reflect the complexity of such program and time line for development, among other factors.

Related Services and Compensation

In addition to advising on any bond transaction, PFM is often called upon to perform many additional duties. These duties may include structuring and implementing refunding escrows, structuring debt service reserve and debt service payment fund investments, executing investment liquidation, and other related services. Services for any structured product engagement, such as escrow structuring and procurement, escrow restructuring, or investment agreement, will be provided exclusively by PFM Asset Management LLC, ("PFMAM"). Additionally, the same approach would apply should NVTA seek investment advisory services.

Lastly, should NVTA request interest rate swap (or other hedging instrument or derivative) advisory services including, but not limited to interest rate swap structuring or procurement, such services would be provided by our group professionals at PFM dedicated to this complex area. This group is organized as PFM Swap Advisors LLC ("PFMSA"). PFMSA is an Independent Registered Municipal Advisor registered under the applicable SEC Rules, and a Commodity Trading Advisor ("CTA") registered with the Commodity Futures Trading Commission ("CFTC"). PFMSA is an affiliate of Public Financial Management, Inc. and PFMAM.

Separate fees for any of the above described related services will be negotiated and agreed to in writing prior to our undertaking any specific engagement since the actual fee will depend on the nature of the work. For example, structuring an escrow portfolio of State and Local Government Securities (SLGs) is less complex than one of open market Treasury securities. Likewise, structuring an advance refunding escrow differs in complexity and nature from implementing the competitive or negotiated procurement of an interest rate swap. PFM fully discloses all fees related to any transaction.

On-Going Advisory Services

For services related to the potential issuance of bonds (but which may occur in advance of a transaction process) including but not be limited to financial planning services, analysis of financing alternatives, formulation of debt and financial management related policies, development of financial plans, assistance with rating agency surveillance (outside the course of a bond sale), and advice regarding special projects, PFM proposes an annual retainer. Utilization of the retainer would be based on the hourly rates shown in the table below, and subject to annual escalation in accordance with the CPI-U index (not to exceed 3% in any given year). To the extent that NVTA's utilization of PFM services exceeds the retainer, our services would be compensated at our hourly rate schedule.



As you know, PFM's engagement with NVTVA has been executed as rider to our existing contract with Prince William County, Virginia, dated as of May 18, 2007, as amended and extended from time to time. The hourly rate schedule below matches the current provisions of the Prince William contract:

Experience Level	Rate per Hour
Managing Director	\$309
Director	\$257
Senior Managing Consultant	\$257
Senior Analyst	\$195
Analyst	\$195
Associate	\$128

Many of our clients find an annual retainer provides budgetary certainty and is well suited to our day-to-day interactions. PFM proposes an annual retainer of \$72,000 to commence with NVTVA's fiscal year 2016 (July 1, 2015 to June 30, 2016). Compensation under the annual retainer would be invoiced quarterly in arrears. As you know, PFM is currently assisting NVTVA with a review and update of its debt policies. Such work will continue and is expected to be completed not later than December 31, 2015. PFM proposes to be compensated for this specific assignment via the retainer structure. In recognition of this arrangement, for the initial year of the retainer (FY2016), PFM will submit NVTVA a retainer invoice on or about December 1, 2015, or such earlier date as may be requested by NVTVA and agreed to by PFM.

Development of Long Term Plan of Finance

For the development of NVTVA's initial multi-year financial plan (matching its multi-year capital project plan) described herein, PFM proposes a fixed amount of \$92,000 plus any out of pocket expenses. After the long range plan of finance is developed, annual updates to the long term plan of finance would be compensated via the annual retainer.

Out of Pocket Expenses

In addition to the professional compensation described above, PFM would expect to be reimbursed at cost for travel, meals, lodging, computer, communications, reproduction, graphics, express mail, legal fees, and any other miscellaneous costs incurred in serving NVTVA. Appropriate documentation and third party receipts will be provided with each invoice. All PFM financial analyses will be undertaken internally, primarily using software prepared by PFM professionals. PFM would not charge the NVTVA for the development or use of this software.



If this engagement letter is acceptable to you, please sign the attached signature page and return it to me. Please feel free to call me with any questions or comments. I look forward to continuing PFM's relationship with NVT A in the future.

Sincerely,
Public Financial Management



JoAnne Carter
Managing Director



On behalf of NVTA, I agree to the terms described in the above letter dated May 29, 2015 pertaining to the provision of on-going advisory services.

Accepted by:
NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

Authorized Signature

Title

Date

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman York and Members of the NVTa Finance Committee
FROM: Michael Longhi, Chief Financial Officer
DATE: June 19, 2015
SUBJECT: Debt Policy Update

1. **Purpose:** Present proposed updates to the Authority's Debt Policy for consideration of a recommendation to the Authority for approval. A copy of the proposed policy revisions is attached.
2. **Suggested Motion:** *I move the Finance Committee recommend to the Authority approval of the proposed Debt Policy updates.*
3. **Background:**
 - a. The Debt Policy was established by the Authority on December 12, 2013.
 - b. Two additional debt related policies (Continuing Disclosure and Post Issuance as well as Post Issuance and Tax Compliance Policy and Procedure) were established on December 11, 2014.
 - c. Events related to the inaugural bond issuance, receipt of rating agency opinions and recodification of the State Code make it prudent to review the Debt Policy for updates and clarifications.
 - d. The proposed updates involve:
 - i. Clarifying and unifying language and terms
 - ii. Updating references to Virginia Code sections related to the recodification.
 - iii. Shifting the policy perspective from prospective ratings to maintaining the credit ratings achieved.
 - iv. Recognition of additional policies related to:
 1. 30% funds
 2. Regional Revenue Funds (70%)
 3. Investments
 4. Post Issuance and Tax Compliance as well as Continuing Disclosure
 5. Clarifications related to the Working Capital Reserve and interim financing.
 6. Reducing the next required policy review and update period from five to three years.
 - e. The current Debt Policy calls for a review of the Working Capital Reserve in 2015. No change to the Working Capital Reserve is proposed. This reserve is planned to reach its fully funded level in FY2016.
 - f. The Authority's Debt Advisory Group reviewed the proposed changes. The advisory group is made up of debt managers or finance directors from; Arlington County, Fairfax County, City of Fairfax, Loudoun County, City of Manassas and Prince William County

Attachment: NVTA Debt Policy (With Proposed Changes)

Coordination: Council of Counsels
Bond Counsel
Financial Advisor
Debt Advisory Group

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

Policy Number 9 -- Debt Management Policy

(Originally adopted on December 12, 2013, and amended on May -- . 2015.)

I. **General.** This debt ~~management~~ policy is adopted to implement the debt program of the Northern Virginia Transportation Authority (the ~~“Authority” or “NVTA”~~) as authorized by the *Code of Virginia* §33.2-2512. The purpose of ~~the Authority NVTA’s~~ Debt Management Program ~~will be~~ to support the construction ~~financing~~ program of ~~the Authority NVTA~~ while achieving the lowest cost of capital. In order to ~~accomplish this goal further this purpose~~, it ~~will be~~ necessary to adopt policies and procedures that ensure the highest credit quality, assure access to capital markets and preserve financial flexibility.

II. **Background.** ~~The Authority NVTA’s goal is to achieve a minimum rating in the double-A category on its~~ senior lien debt obligations ~~are currently rated Aa1 from Moody’s Investors Service, AA+ from Standard & Poor’s, and AA+ from Fitch Ratings Ratings. Therefore, the~~ ~~These ratings were achieved in part because~~ ~~Authority NVTA shall~~ ~~has~~ implemented policies and procedures ~~for managing debt including overarching financial policies~~ for maintaining a high quality debt program ~~and that contains~~ detailed guidelines for debt issuance. The policy will guide decisions on all debt issued by ~~the Authority NVTA~~ and also assist ~~the Authority NVTA~~ in realizing debt service savings and efficiencies. Specifically, the policies will support the following objectives:

- ~~Achieve and m~~ ~~Maintain~~ ~~the current a double-A category ratings from one or more of the nationally recognized municipal bond credit rating firms for on~~ all senior lien revenue debt;
- ~~Guide~~ ~~the Authority NVTA~~ and its managers in ~~policy and evaluating debt issuance options and in making~~ debt issuance decisions;
- ~~Maintain appropriate financial assets for present and future needs;~~
- ~~Maintain appropriate capital assets for present and future needs;~~
- Promote sound financial management;
- Ensure legal use of ~~the Authority NVTA’s~~ debt issuance authority; ~~and~~
- Promote cooperation and coordination with other stakeholders in the financing and delivery of transportation services and infrastructure; ~~and.~~
- ~~Evaluate debt issuance options.~~

III. Application of Revenues

A. **NVTA Act.** §33.2-~~2509-2510~~ of the NVTA Act authorizes the use of revenues of the Northern Virginia Transportation Authority (including regional tax and fee revenues transferred from the NVTA Fund established under §33.2-2509) as follows:

1. Solely for transportation purposes benefitting those counties and cities embraced by ~~the Authority NVTA~~.

2. Thirty percent (the "30 Percent Share") shall be distributed to the localities on a pro rata basis subject to reduction under the "maintenance of effort" provisions of §33.2-2510.B.1 in accordance with the Code of Virginia and NVTA's [Regional Revenue Policy] Policy 11 – Distribution of 30 Percent Funds adopted on December 11, 2014 dated December —, 2014.
3. The remaining amounts (approximately seventy percent) will be distributed as follows:
 - a. First to pay debt service on bonds issued by the Authority NVTA and secured by a pledge of such monies;
 - b. For "pay-as-you-go" projects;
 - c. ~~Each project~~ The projects financed by such monies or bonds secured thereby must meet the following criteria:
 - i. Must be (x) in regional long range transportation plan in accordance with §33.2-2510.2500 (which plan is currently "TransAction 2040") and be rated in accordance with §33.2-257 or (y) a mass transit capital project that increases capacity;¹
 - ii. Must reflect the Authority NVTA's priority for selecting projects that are expected to provide the greatest congestion reduction relative to the cost of the project;
 - iii. Must be located (x) only in localities embraced by the Authority NVTA or (y) in adjacent localities but only to the extent that such extension is an insubstantial part of the project and is essential to the viability of the project within the localities embraced by the Authority NVTA ; and
 - iv. Must result in each locality's total long-term benefit being approximately equal to the proportion of the total of the fees and taxes received by the Authority NVTA that are generated by or attributable to the locality.

B. Master Indenture of Trust. The Master Indenture of Trust ~~approved on July 24, 2013~~ dated as of December 1, 2014 (the "Master Indenture"), further specifies that all amounts transferred from the NVTA Fund are deposited to a Revenue Fund and are distributed as follows:

1. First, the 30 Percent Share is deposited in the Member Locality Distribution Fund;
 - a. And then from such Fund to the Operating Fund ~~in an amount sufficient to fund the next 30 days of operations~~ in accordance with NVTA Policy 11 – Distribution of Thirty Percent Funds, adopted on December 11, 2014;
 - b. And then from such Fund to each locality its pro rata portion of the remaining 30 Percent Share ~~(subject to reduction as described above)~~ in accordance with NVTA Policy 11 – Distribution of Thirty Percent Funds;
2. Then the remaining amounts (the "Regional NVTA Funds Regional Revenues") must be distributed in the following order of priority:
 - a. To fund all senior debt service requirements;
 - b. To fund all debt service reserve requirements (if due);

¹ For "regional funds" (including bond proceeds) received in FY 2014, the rating requirement does not apply.

- c. To fund subordinate debt service requirements (if due); and
 - d. To fund all rebate fund requirements (if due).
3. Once all debt service requirements are met, the remaining ~~Regional NVTA Funds~~ Regional Revenues are deposited to the NVTA General Fund (as such fund is defined in the Master Indenture of Trust) and are available for any other lawful purpose of ~~the Authority NVTA~~, including the construction of "pay-as-you-go" projects and deposits to any reserves established by NVTA.

III.IV. Debt Management Planning Management.

A. Debt Affordability Criteria (Debt Capacity).

- 1.i. Debt Capacity. For planning purposes, Debt Capacity for the issuance of new debt shall be calculated as a function of the projected ~~Regional NVTA Funds~~ Regional Revenues, as defined in the Master Indenture ~~of Trust~~.
 - a.1. It should be stressed that in accordance with the terms of the Master Indenture ~~of Trust~~ and the order of precedence defined in the Code of Virginia, debt service payments shall have precedence over all other obligations of ~~the Authority NVTA~~ payable from the Regional Revenues.
 - b.2. Debt Capacity shall be projected forward a sufficient time to support the cash flow requirements of ~~the Authority NVTA~~'s adopted long-range capital plans ~~six year Capital Improvement Plan ("CIP")~~ together with funds identified for pay-as-you-go construction.
- 2.ii. Debt service coverage requirements.
 - a.1. The NVTA strives to set policy targets for debt service coverage at the minimum levels necessary, in light of relevant criteria and methodologies of the credit rating agencies and recommendations of the NVTA's Financial Advisor, to achieve a minimum of a AA category ~~maintain its credit~~ ratings on senior lien debt.
 - b.2. Senior lien debt. The ratio of annual ~~Regional NVTA Funds~~ Regional Revenues to annual senior lien debt service will be a minimum of 2.0 times. A proforma calculation for this ratio is included as Exhibit 1 to this policy.
 - e.3. Subordinate lien debt. The ratio of annual ~~Regional NVTA Funds~~ Regional Revenues ~~minus annual debt service on senior lien debt~~ to annual senior lien debt service plus annual subordinate lien debt service will be a minimum of 1.30 times. A proforma calculation for this ratio is included as Exhibit 1 to this policy.
- 3.iii. Treatment of Local Revenues 30 Percent Share.
 - a.1. Required Transfers. ~~Authority revenues earmarked for transfer to the member localities, (i.e., the 30 percent share)~~ The 30 Percent Share will not be included in the debt capacity calculation or calculation of coverage requirements.

4.iv. “Pay go” and reserve set asides. Any portion of ~~Regional NVTA Funds~~Regional Revenues not utilized for debt service due to coverage requirements will be set aside for pay-as-you-go capital financing and additional reserves as required by this policy or established by the Authority NVTA over a reasonable period of time as determined by the Authority NVTA.

5.v. Reserve and liquidity levels.

a.1. Debt Service Reserve Fund. Consistent with the provisions of the Master Indenture ~~of Trust~~, each bond issue may include a Debt Service Reserve Fund (“DSRF”) funded from bond proceeds, ~~Regional NVTA Funds~~Regional Revenues or the NVTA General Fund (as such fund is defined in the Master Indenture of Trust) as determined by the Authority NVTA at the time of issuance. In considering the need for this structural feature, the NVTA may consider whether it is economically advantageous to have a DSRF and the potential impact on the existing credit ratings on the Authority NVTA’s outstanding bonds, among other factors.

2. Working Capital Reserve. The Authority NVTA will maintain a Working Capital Reserve (“WCR”) account in ~~its~~the NVTA General Fund equal to at least six months of the budgeted, annual ~~Regional NVTA Funds~~Regional Revenues. Such funds may be used within a fiscal year to manage any mismatches in the actual receipt of revenue and the disbursement of funds for project construction to project implementing entities and to pay debt service. As part of its budget process each year, NVTA will estimate the increase, if any, to the WCR requirement and fund such incremental increase within the course of such ensuing fiscal year. To the extent the WCR requirement is forecast to decrease in a given fiscal year, NVTA may release such amounts within the course of such ensuing fiscal year provided that any debt service or debt service reserve fund requirements are fully funded in accordance with NVTA’s ~~the Master Indenture of Trust.~~ The WCR is not required by the Master Indenture; rather, it is a policy of NVTA and is subject to change.

b.3. –If tapped, the Executive Director of the NVTA will develop and submit to the Authority NVTA a plan to restore the Working Capital Reserve to its minimum level over a period not to exceed 18 months. The NVTA will revisit the level of this reserve ~~no later than June 30, 2015~~periodically to reflect its actual cash flow patterns and experience, liquidity expectations of the credit rating agencies consistent with NVTA’s current credit ratings, and actual experience with delays or disruptions, if any, to the Commonwealth’s budget adoption and appropriations process. and periodically as needed.

B. Bond Structure.

1. Term of Bonds. The NVTA shall strive to match the financing period with the economic life of the asset being developed in general conformance with the following guidelines:
 - a. Short term debt permanent financing (less than ten years) normally should be used for projects with an economic life of 0 to 15 years, but may be used at any

time to restructure ~~the Authority~~NVTA's outstanding debt portfolio to reduce the average life of ~~the Authority~~NVTA's bonds.

b. Terms of the bonds for major construction projects shall not exceed 30 years which is less than the 40 year maximum term of debt permitted under §~~15.2-4519.B.133.2-1920~~.

~~b.c.~~—~~The Authority~~NVTA will attempt to achieve an average bond life for all aggregate outstanding debt of less than 20 years in order to ensure that significant debt capacity is available to meet the future needs of ~~the Authority~~NVTA.

e.—

2. **Capitalized Interest.** ~~The Authority~~NVTA intends to pay interest on all debt obligations when due from current revenues unless the capitalization of interest shall be deemed necessary and prudent or the best interest of ~~the Authority~~NVTA for any project specific financing. If used, the capitalized interest period and amount shall not exceed that which is necessary to complete the construction period.
3. **Debt Service Repayment Structure.** It is the preference of ~~the Authority~~NVTA to promote rapid repayment of debt principal in order to (i) achieve the objective of average bond life of less than 20 years, (ii) to maintain or improve ~~the its~~ credit rating, and (iii) to execute the capital financing program in the most cost effective manner. ~~The Authority~~NVTA may choose to structure debt repayment so as to wrap around existing obligations or to achieve other financial planning goals.
4. **Call Provisions.** Optional redemption provisions on the NVTA debt, if any, shall be determined based upon the market conditions at the time of issuance with advice from the Financial Advisor. ~~The Authority~~NVTA will select the call provision most likely to result in the lowest cost of funds while providing reasonable opportunity and flexibility for future refinancing to achieve future debt service savings.

C. Types of Debt.

1. **Revenue Bonds.** The NVTA expects to issue special tax revenue bonds, either on a senior lien or subordinate basis, as its primary form of debt. The debt capacity of ~~the Authority~~NVTA to issue such revenue bonds shall be governed by this Debt Management Policy.
2. **Lease Purchase Agreements.** Lease purchase debt for which the asset is pledged, in addition to Authority revenues, as security for the debt payment may not be issued unless the Board adopts specific policies in this regard.
3. **Variable Rate Debt (short or long term).** ~~The Authority~~NVTA may issue variable rate debt to achieve a lower cost of capital, improve cash flow efficiencies or manage interest rate risk and in no case shall variable rate debt exceed ten percent (10%) of the total debt of the NVTA. Any commercial paper program or other variable rate financing vehicle that is used as an interim financing tool shall not be

included in the calculation of the ten percent (10%) maximum variable rate debt limit. The NVTA will revisit this threshold periodically to reflect market conditions, credit rating agency criteria, and the NVTA's liquidity and cash flow experience. Any changes to the threshold must be approved by ~~the Authority~~NVTA.

4. Commercial Paper/Interim Financing. ~~The Authority~~NVTA may establish a commercial paper program or other forms of interim ~~construction~~ financing such as bond anticipation notes ~~or line of credit~~ if economically advantageous to manage ~~the Authority~~NVTA's cash flow, improve efficiency or reduce negative arbitrage. ~~The Authority~~NVTA may create its own program or use a pool legally available to it within the Commonwealth.
5. Federal or State or other Conduit Pool Loan Programs. ~~The Authority~~NVTA may use pooled loan programs supported by available ~~Regional NVTA Funds~~Regional Revenues if cost effective (e.g., sales through the Virginia Resources Authority). Such debt may be senior or subordinate lien as negotiated with the ~~issuing authority~~lender with such coverage and other requirements as determined by the ~~issuing agency~~lender and consistent with the Master Indenture ~~of Trust~~.

~~6.vi.~~ Unrated Debt. ~~The Authority~~NVTA may issue unrated debt if deemed in its best interests.

~~7.vii.~~ Derivative Structures. ~~The Authority~~NVTA shall not make use of derivative structures (swaps, hedges, etc.) for at least five years after ~~the initial adoption date~~ (December 12, 2013) of this policy. Such structures shall not be used thereafter unless ~~the Authority~~NVTA shall adopt specific policies in this regard.

D. Refinancing Outstanding Debt.

1. Minimum Savings Threshold. ~~The Authority~~NVTA establishes a minimum present value savings threshold of three percent (3%) of the refunded bond principal amount. The present value savings will be net of all costs related to the refinancing.
2. Restructuring. ~~The Authority~~NVTA may restructure debt when it is in the best financial interest of ~~the Authority~~NVTA to do so. Such refundings will be limited to restructuring to meet anticipated revenue expectations, achieve costs savings, mitigate irregular debt service payments, release reserve funds, consolidate multiple series of outstanding debt, or remove unduly restrictive bond covenants.
3. Term of Refunding Issues. ~~The Authority~~NVTA will normally refinance bonds within the original term of the existing debt. However, after careful evaluation, ~~the Authority~~NVTA may consider maturity extension when necessary to achieve a desired outcome, provided that such extension is permissible under the Master Indenture ~~of Trust~~.

E. Use of Credit Enhancement.

1. Bond Insurance. Bond insurance may be obtained to achieve a higher credit rating than the NVTA's uninsured debt when cost effective.
2. Letters of Credit. Letters of Credit may be obtained when cost effective.

F. Additional Bonds.

1. The NVTA anticipates new money bond sales in a frequency adequate to meet its cash flow needs.
2. Additional bond issuance shall not exceed any of the limits prescribed in the Debt Affordability section of these policies in any fiscal year.
3. Subsequent bond sales will be on parity with prior issuances of senior or subordinate lien bonds, as appropriate.
4. Additional bond issuances should be planned to remain within capacity/affordability limits based on careful forecasts of revenues reasonably anticipated to be received over the course of the following six (6) years.

G. Capital ~~Financial Improvement~~ Plan ("CIP")².

1. ~~Beginning in FY2015, the~~ NVTA ~~shall adopt a will update its~~ multi-year capital improvement plan (CIP) annually. The ~~capital plan~~ CIP will be developed in accordance with all applicable statutory requirements. ~~The Authority~~ NVTA shall make every effort to coordinate the timing of the adoption of its capital improvement plan to benefit the capital planning processes of ~~the Authority~~ NVTA's member jurisdictions and of impacted state and regional authorities.
2. ~~The Authority~~ NVTA will review and update the long range -term comprehensive transportation plan for the region (currently TransAction 2040) (also referred to as Transaction 2040³) at least every five (5) years.

IV.V. Debt Management and Administration Administrative Matters.

A. Selection of Advisors and Other Providers.

1. Financial Advisor. ~~The Authority~~ NVTA will use the services of a Financial Advisor to assist in the implementation and execution of bond policies, sales and other financial analyses as necessary. The Financial Advisor will be selected through a competitive process in accordance with the Code of Virginia and other procedures

² ~~Mike — In the POS, we called this Capital Improvement Plan. Is there a new name?~~

³ ~~Placeholder for new name to come.~~

that ~~the Authority~~NVTA may establish under such terms and compensation as ~~the Authority~~NVTA may determine. A selection advisory committee shall include the Chief Financial Officer and other members appointed by the Executive Director, including at least three knowledgeable staff members from member jurisdictions, which will include the top three revenue contributing jurisdictions and a rotation of up to two of the remaining contributing jurisdictions. The Executive Director shall make every effort to ensure that each member jurisdiction is given the opportunity to participate in the selection process.

2. Bond Counsel. ~~The Authority~~NVTA will use the services of Bond Counsel to assist in the implementation and execution of bond policies, sales and other legal analyses as necessary. The Bond Counsel will be selected through a competitive process in accordance with the Code of Virginia and other procedures that ~~the Authority~~NVTA may establish under such terms and compensation as ~~the Authority~~NVTA may determine.
3. Other Services. ~~The Authority~~NVTA may obtain the services of other advisors as necessary to implement its debt program under such terms and conditions as may be determined by ~~the Authority~~NVTA. Such services may include, but are not limited to, trustee and fiscal agent services, specialized financial analytical services, special tax or disclosure counsel, rebate and arbitrage compliance services, audit services and other services that may be necessary.
4. Other Jurisdiction Contracts. ~~The Authority~~NVTA may use any contract for consultant services issued by a member jurisdiction or agency of the Commonwealth provided that the terms and conditions of the contract permit its use by other jurisdictions or governmental entities of the Commonwealth and the contract was competitively bid or issued through a request for proposal.

B. Methods of Issuance Sale.

- ~~1.i.~~ Competitive Sales. The NVTA shall sell ~~issue~~ debt on a competitive basis whenever ~~practical~~practicable.
- ~~2.ii.~~ Negotiated Sales. The NVTA may issue ~~sell~~ bonds via negotiated sale based on an evaluation of current market conditions and the economic advantages to the NVTA, especially for the first few series of bond issues until ~~the Authority~~NVTA has gained sufficient market acceptance and recognition as a regular issuer.
- ~~3.iii.~~ Private Placements. The NVTA is permitted to use private placement financings based on an evaluation of current market conditions and the economic advantages to the NVTA.

C. Underwriter Selection (if negotiated sale).

- 1.i. The NVTA will always use a formal, competitive, open selection process to choose an underwriter.
- 2.ii. The NVTA's Financial Advisor may not participate in any sale as an underwriter (senior manager, co-manager, or part of a syndicate) while under contract to ~~the Authority~~ NVTA or as otherwise prohibited by applicable Municipal Securities Rulemaking Board (MSRB) Rules.
- 3.iii. The NVTA will determine the selection process for appointing any co-managing underwriters.
- 4.iv. The NVTA may competitively select a pool of underwriters who may be used to underwrite bond sales over a multi-year period. The period in which an underwriter can be used may exceed more than one financing and more than one year; the period of use will be established at the time of the initial underwriter selection.
- 5.v. Underwriter selection shall be conducted in accordance with applicable procurement statutes and procedures established by ~~the Authority~~ NVTA. A selection advisory committee shall include the Chief Financial Officer and other members appointed by the Executive Director, including at least three knowledgeable staff members from member jurisdictions, which will include the top three revenue contributing jurisdictions and a rotation of up to two of the remaining contributing jurisdictions. The Executive Director shall make every effort to ensure that each member jurisdiction is given the opportunity to participate in the selection process.

D. Public Notices and Hearings.

- 1.i. Notices of public hearing shall be published and public hearings held prior to ~~the Authority~~ NVTA approval of any debt issuance if required by and in conformance with federal law, where applicable, and the Virginia Code.
- 2.ii. The NVTA may impose additional notice requirements upon itself as a matter of practice to promote transparency. ~~For example, NVTA may shall~~ post any such notices of public hearing ~~to be published~~ on its website and in a paper or papers of general circulation within the jurisdictions embraced by the NVTA. ~~Regardless of whether such publication is required by federal or Virginia law;~~ provided that the failure to effect any such local publication additional notice requirement shall not invalidate any Authority action ~~unless the local publication is required by laws.~~

V.VI. Provisions Pertaining to the 30 Percent Share: The NVTA Role as a Conduit Issuer.

- A. The NVTA may act as a conduit issuer for any member locality utilizing a separate Trust Indenture specifically for the member's issuance of debt secured by their 30 Percent Share. Member localities may agree to a Master Indenture with allowance for Supplemental Indentures specifically for the conduct of its initial and subsequent issues.

and compliance with applicable federal tax and securities laws. ~~Prior to issuance of any tax-exempt debt, On December 11, 2014, the NVTA will develop~~ two separate, written Post Issuance Compliance policies and procedures. ; and a copy of such Copies of these two policies are attached as Exhibit 3 for reference.

- B. Arbitrage rebate compliance.** ~~The Authority~~ NVTA will sell the minimum amount necessary to meet construction requirements consistent with Federal arbitrage restrictions and comply with all necessary reporting requirements. ~~The Authority~~ NVTA will work with its member jurisdictions and other project owners to attempt to size its sale amounts so as to qualify for the two year spend down exception test.
- C. Secondary market disclosure (Rule 15c2-12 compliance).** Continuing Disclosure shall at a minimum include the year-end financial audit in addition to other ~~documents~~ events designated by ~~the Authority~~ NVTA's continuing disclosure agreements. ~~The Authority~~ NVTA shall ensure that any local jurisdiction constituting a "material obligor" with respect to any of ~~the Authority~~ NVTA's debt within the meaning of Rule 15c2-12 agrees to provide the continuing disclosure required under the Rule.
- D.** The NVTA's Executive Director or his/her designee will be responsible for the implementation of this Debt Management Policy with the advice and input from the NVTA's legal counsel and Financial Advisor.
- E.** The NVTA's Executive Director and Chief Financial Officer will review and update this Debt Management Policy at least every ~~five (5)~~ three (3) years.

Exhibit 1: Proforma Debt Service Coverage Calculation Methodology

Figures shown below are for illustrative purposes only.

- Annual ~~Regional NVTA Funds~~ Regional Revenues = (A) = \$210,000,000
- Debt Service on Senior Lien Debt = (B) = \$7,000,000
- Debt Service on Subordinate Lien Debt = (C) = \$1,000,000
- Debt Service Coverage Requirement for Senior Lien Debt = (A / B) = \$210,000,000 / \$7,000,000 = 30.0x
- Debt Service Coverage Requirement for Subordinate Lien Debt = ~~(A-B) / (B + C) =~~
~~(\$210,000,000 - \$7,000,000) / (\$7,000,000 + \$1,000,000) = 203.026.25x~~

Approved by Northern Virginia Transportation Authority: December 12, 2013

Amended: ~~December 12, 2013~~ May __, 2015

Exhibit 2: Reference Copy of NVTAs Investment Policy dated as of ~~{insert date}~~ December 11, 2014

Exhibit 3: Reference Copy of NVTA's Continuing Disclosure and Post Issuance Compliance Policy, and Post Issuance and Tax Compliance Policy and Procedures, dated as of ~~insert date~~ December 11, 2014

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman York and Members of the NVTa Finance Committee
FROM: Michael Longhi, Chief Financial Officer
DATE: June 19, 2015
SUBJECT: Employee Disability Insurance

- 1. Purpose:** Present proposed Employee Disability Insurance Program for consideration of a recommendation to the Authority for approval.
- 2. Suggested Motion:** *I move the Finance Committee recommend to the Authority approval of the proposed Employee Disability Insurance Policy and authorize the Chief Financial Officer and/or Executive Director to sign policy documents and applications.*
- 3. Background:** When establishing the Authority's retirement benefit program with the Virginia Retirement System (VRS), the program documentation and web site indicated a disability insurance program for all employees would be available. Upon presentment of the draft VRS disability insurance forms for review, the Authority was notified that the program had ended for VRS Plan 1 and Plan 2 participants (the VRS web site and documentation had not been updated). The Authority has two staff members in Plan 1, one staff member in Plan 2 and three staff members in Plan 3.

Since that time, Authority staff have sought to obtain disability insurance for all staff. These efforts were hampered by, among other issues:

- The Authority not having ten or more employees, which is a bench mark for most programs.
- Existing coverage of Plan 3 employees in the VRS program.
- Relative high quantity of senior professional level staff positions at the Authority relative to many groups having a significant number of non-professional.
- Costs of coverage relative to the benefits provided.
- Coverage costs exceeding the Authority budget.

Several avenues to gain access to insurance and constrain costs were investigated. These actions include investigating using a pool or consortium approach with other organizations. We also investigated using a cooperative procurement arrangement through member jurisdictions. While member jurisdictions and agencies were supportive in this effort, the legal and transaction barriers were insurmountable.

NVTa staff approached the existing VRS disability insurance contractor, UNUM, directly. The result of this effort is the development of a combination of insurance policies, which will provide coverage for all NVTa staff within the budget estimate originally established for participation in the VRS program. A key ingredient of this coverage was UNUM's willingness to adjust the cost of the program to provide coverage for the Plan 1 and Plan 2 employees without having to effectively pay double for the Plan 3 employee's coverage already provided through VRS.

4. Summary:

The coverage provided through UNUM is within the approved Authority Budget for FY2016 and would become effective in July 2015. Coverage amounts will provide effective income protection to the NVTA staff members in the case of a long term disability.

Attachment: UNUM Supplemental Individual Disability Insurance Plan



Supplemental Individual Disability Insurance Plan

Coverage underwritten by the following subsidiary of Unum

June 10, 2015

Provident Life and Accident Insurance Company
1 Fountain Square
Chattanooga, TN 37402

Developed Specifically For:

Northern Virginia Transportation Authority
Case #161475

Unum Life Insurance Company of America
2211 Congress Street
Portland, ME 04122

Presented by:

Adam M. Hull

Provident Life and Casualty Insurance Company
1 Fountain Square
Chattanooga, TN 37402

Prepared by:

Jiggy E Smaha
Washington DC Sales Office

www.unum.com

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Plan Offering

Thank you for considering Unum for your Supplemental Individual Disability Insurance Plan. Enclosed with your plan offering are detailed plan specifications and an offer request document. Unum is pleased to partner with Northern Virginia Transportation Authority to provide these benefits to your employees. Specifically, your customized plan design includes:

Guaranteed Standard Issue (GSI) & Guaranteed To Issue (GTI) Supplemental Individual Disability Insurance Plan

Eligibility	All Full-Time Staff Employees (6 Eligibles)
Insurable Income	Base Salary
Plan Design	75% of monthly insurable income less LTD to amount of the GSI offer
LTD Plan	Unum: 60% of Base Salary to a maximum of \$6,000, 100% Employer Paid/Taxable
GSI Benefit Maximum	\$3,000
GTI Benefit Maximum	\$2,000
Elimination Period	90 days
Benefit Period	To Age 67
Contract Type	Income Series 750
Contributory Status	Employer Paid/Taxable
Participation Requirement	100% of all eligible lives (6 lives initial enrollment)
Discount	20% Multilife
Optional Additional Benefits:	Residual Disability - Full Benefit Period
	Catastrophic Disability Benefit - 5% to \$5,000 (not to exceed 100% income replacement)
	Guaranteed Coverage Increase (GCI) - Annual to cap of GSI offer



Northern Virginia Transportation Authority

Supplemental Individual Disability Insurance Plan

Contract Benefits

Income Series 750 Non-Cancellable Contract

Benefit Period

To Age 67

Elimination Period

Benefits begin after a waiting period of 90 days

Income Replacement for Total Disability

- **1st Two Years of Disability:** a monthly income benefit will be paid if you are totally disabled in your occupation, which means you are unable to work in your occupation, not working in any other occupation, and are under the care of a physician
- **Remainder of Your Benefit Period:** after Your Occupation Period of 2 years, pays if, due to injuries or sickness, you are unable to perform the material and substantial duties of any occupation, and are under the care of a physician
- **2 Years Mental Disorder Benefit**

Return-To-Work Benefits

- **Rehabilitation Benefit:** can help you regain your self-sufficiency as soon as possible. While you are disabled and receiving benefits, we may pay rehabilitation expenses not covered by other benefits
- **Work Incentive Benefit:** when you return to work, you will receive a short-term incentive for up to 3 months equal to the difference between your prior income and your current income, for up to 100% income replacement (subject to the maximum benefit amount)
- **Residual Disability Benefit:** you must be under a doctor's care to be eligible for this benefit, which can pay for up to the end of your benefit period. You don't have to be totally disabled to be eligible, but you must still either lose time (due to injury or sickness) from your job or be unable to perform some of your job requirements and incur a loss of earnings of at least 20%

Other Features

- **Voluntary Suspension During Unemployment:** premium payments can be suspended for up to one year from date of unemployment. Any loss incurred during the suspension period is not covered

Optional Benefits

- **Guaranteed Coverage Increase:** (available up to age 75) allows employer or employees to increase monthly benefit without evidence of medical insurability up to the GSI Benefit Maximum as salary increases occur
- **Catastrophic Benefit:*** provides an additional benefit in the event of catastrophic disabilities that are likely to increase your living expenses (your insurance professional can provide information on physical conditions that apply)
**Not available in CT, GA, NH, TX and VT*
- **Presumptive Benefit:*** provides an additional benefit in the event of presumptive disabilities that are likely to increase your living expenses (your insurance professional can provide information on physical conditions that apply)
**Only available in CT, NH, TX and VT*
- **Disability Protection Benefit:*** provides an additional benefit in the event of catastrophic disabilities that are likely to increase your living expenses (your insurance professional can provide information on physical conditions that apply)
**Only available in GA*

This information is not intended to be a complete description of the insurance coverage available. The policy or its provisions may vary or be unavailable in some states. Contract Provisions, Features and Optional Benefits are based on our standard published issue ages. The policy has exclusions and limitations that may affect any benefits payable. For complete details of coverage and availability, please refer to Policy Form Income Series 750 and contact your Unum representative.



Northern Virginia Transportation Authority

Supplemental Individual Disability Insurance Plan

Plan Specifications

TERMS & CONDITIONS

Who is eligible

This offer is extended to all eligible individuals (as defined under "Eligibility" on page 1) who are U.S. citizens or permanent U.S. residents possessing a green card.

For a period of time commencing 180 Days prior to and including the date of application, applicants must not have missed one or more days of work or been homebound or admitted to a medical facility due to injury or sickness, or had any restrictions or limitations on their ability to work on a full time basis (30 hours or more per week) due to injury or sickness.

Basis of Issue

Guaranteed Standard Issue:

A standard offer means no modifications can be made to the contract's elimination period, benefit period or monthly benefit amounts to adjust for a pre-existing medical condition. Coverage is issued as applied for medically. Under a standard offer, we waive the right to rate or rider the amount of coverage issued up to the guaranteed standard monthly benefit amount.

Guaranteed To Issue:

A Guaranteed-To-Issue (GTI) offer means modifications may be made to the contract in the form of exclusions (riders) and/or the use of extra premium (rating). The elimination period, benefit period, included optional benefits and monthly benefit, however, will not be modified due to any pre-existing medical condition, nor will any individual be denied this coverage provided they meet the eligibility criteria outlined within this letter.

If the Catastrophic Disability benefit is included in the offering, all applicants will be asked questions for current Activities of Daily Living (ADL) losses. If any ADL loss or applicable pre-existing condition exists on the date of the application, no Catastrophic Disability benefit will be included in the policy.

Similarly, if the Serious Illness Benefit is included in the offering, applicants will be asked questions pertinent to the underwriting of this benefit. A yes answer to any of those specific questions will result in no Serious Illness Benefit being included in the policy.

The IDI benefit will coordinate with any other disability coverage applied for; and any disability coverage already in force.

Coverage applied for on a GSI basis cannot exceed this plan design and total coverage to be in-force (includes Group Long Term Disability and Individual Disability Insurance) cannot exceed our issue and participation limits.

The GSI benefit may be directly reduced by any in force individual coverage that was issued by Unum or its affiliated companies on a GSI basis. Unum will not participate with any other active employer-sponsored individual disability GSI program that provides long-term coverage through a non-cancellable or guaranteed renewable contract.

Minimum policy size is \$300 - must financially qualify.

Any additional amounts purchased beyond this offer amount will be considered to be outside the plan design and subject to our normal medical and financial underwriting guidelines.

Financial Requirements

We will accept a company-provided census (electronic preferred) listing employee name, date of birth, job title, date of hire and compensation (defined as Insurable Income on Page 1) as income documentation. For purposes of insurable income, base salary is defined as stable annual salary. Variable compensation may include bonus, commissions, K-1 earnings and other forms of incentive compensation, and is defined as a two-year average of compensation or last year's if less. If only a one-year history of variable compensation documentation is available due to an individual not having been employed long enough to generate a two-year history, we will consider 75% of the variable compensation as insurable. Insurable income should be broken down into base salary and variable compensation in the census, if applicable.

Net Worth and Unearned Income considerations will be disregarded.

Application Type

GSI App Form: AE-1090 (short form GSI)

GTI App Form: AE-1091 (short form GTI)



Northern Virginia Transportation Authority

Supplemental Individual Disability Insurance Plan

OFFER REQUEST

- This offer must be signed and received by Case Design Underwriting **Offer Request** accepted.
- Written request for this offer must be received by August 27, 2015.
- The above offer is contingent upon current ratebook and state regulations in effect at application time. Any change in plan design, eligibility/participation requirements, premium payer, etc. requires written approval by Case Design Underwriting.

EMPLOYER AND BROKER

OBLIGATIONS/ENROLLMENT PROCESS

- Unum will be provided with a full census (name, job title, date of hire, insurable income, DOB, gender and employee Social Security Number) that will allow for the development of personalized enrollment materials including pre-printed applications for each employee.
- The communication strategy will encompass an employer endorsement letter, the distribution of personalized enrollment materials for each employee and follow-up to each employee to review their personalized benefit proposal.
- All applications must be submitted within 90 Days from the date of this offer request. After the initial enrollment, new eligibles must apply for coverage within an agreed upon enrollment schedule.
- Employees who enroll and fully participate in this plan will have the opportunity to update their coverage within the plan design and benefit maximums during a scheduled annual or biannual enrollment period.
- If the required participation is not achieved, the offer becomes void.
- The Employer agrees with respect to policies issued by the Insurance Co. to certain salaried/wage earning employees:
To pay in full the required premiums (100% Employer Pay) for such policies and to remit such premiums to the Insurance Co. when due (refund check will be sent to the Employer if there is an overpayment).

OFFER REVIEW PROCESS

This offer will be reviewed every two years and remains in effect subject to our review of the plan design, persistency and overall case success. We may request current case information and census listing eligible individuals, dates of birth, job title and current income to complete our review. Although we do not anticipate doing so, we reserve the right to withdraw or modify this offer at any time. Factors such as experience, non-adherence to offer terms or availability of contract type could make this necessary. Also, as the amount of this offer was based on the plan design incorporating Unum LTD, we will reserve the right to modify our offer if there is a change in the group LTD carrier. When appropriate, the Company will provide 90-days notice in advance of any anticipated change to this offer.

We are privileged that you have selected Unum to meet your employees' income protection needs. We appreciate the opportunity to serve you and your employees, and we look forward to a continuing relationship.



Northern Virginia Transportation Authority

Supplemental Individual Disability Insurance Plan

Offer Acceptance

OFFER ACCEPTANCE

On behalf of Northern Virginia Transportation Authority, I request the offer outlined above and understand that these specifications are only available through the broker to whom this letter is addressed.

DISCLOSURE REMINDER REGARDING BROKER COMPENSATION

Your insurance or benefits advisor can offer you advice and guidance as you select the policy and provider most appropriate for your needs. At Unum we recognize the important role these professionals play in the sale of our products and services and offer them a variety of compensation programs. Your advisor can provide you with information about these programs as well as those available from other providers. We support disclosure of advisor compensation so that customers can make an informed buying decision.

If you would like additional information about the range of compensation programs our company offers, you can find more details at www.unum.com. Unum provides employers with the premium and commission information needed to complete Schedule A on Form 5500 for group insurance as may be required under ERISA. You may request similar information for ERISA reporting purposes for other insurance policies, such as Voluntary Benefits or Individual Disability. If you would like to request such information or if you have other questions, or if you would like to speak to us directly about advisor compensation, please call Broker Compensation Services at 1-800-633-7491.

At Unum, we recognize and support full transparency and disclosure of compensation. Unum Enrollment Representatives are licensed as insurance producers; they represent and act on behalf of Unum. Enrollment Representatives do not receive compensation based in whole or in part on the sale of insurance to you. If you have questions, contact your Unum IDI Executive Benefits Representative.

_____		_____	
(signature)		(signature)	
		Adam M. Hull	
_____		_____	
Position and Title	Date	Broker of Record	Date
(type or print clearly)			

cc: Michael J. Plourde, Underwriting Consultant - IDI Case Design Underwriting

Northern Virginia Transportation Authority Revised 2015

Ej

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman York and Members of the NVTA Finance Committee
FROM: Michael Longhi, Chief Financial Officer
SUBJECT: Monthly Revenue Report
DATE: June 19, 2015

1. **Purpose:** Update of HB 2313 receipts, revenue estimates and distributions.
2. **Background:** The attached reports reflect funding received or in process through May 2015.
3. **Comments:**
 - a. **FY 2015 Revenues (Attachment A)**
 - i. The Authority has received approximately \$224.8 million through the May transfers from the Commonwealth.
 - ii. Actual to estimate comparison for revenues through March show a 11.69% positive variance in Grantors Tax receipts, a 1.12% positive variance in Sales Tax receipts and a 2.2 % negative variance in Transient Occupancy Tax receipts.
 - b. **FY 2015 Distribution to localities (Attachment B)**
 - i. As of the preparation of this report, all nine jurisdictions have completed the HB2313 required annual certification process to receive FY2015 30% funds.
 - ii. Of the \$224.9 million received by the Authority for FY2015, approximately \$67.5 million represents 30% local funds.
 - iii. All the \$67.5 million eligible to be distributed has been transferred to the member jurisdictions as of the end of May.
 - c. **FY2014 to FY2015 Year to date Revenue Comparison (Attachment C).**
 - i. This chart reflects a month to month comparison of revenue by tax type and a year to year comparison of total revenues received through May 2015.
 - ii. While the chart reflects positive growth in the three revenue types the year to year history for the Authority is very limited.
 - iii. No changes to the FY2015 revenue estimates are recommended at this time.

Attachments:

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

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

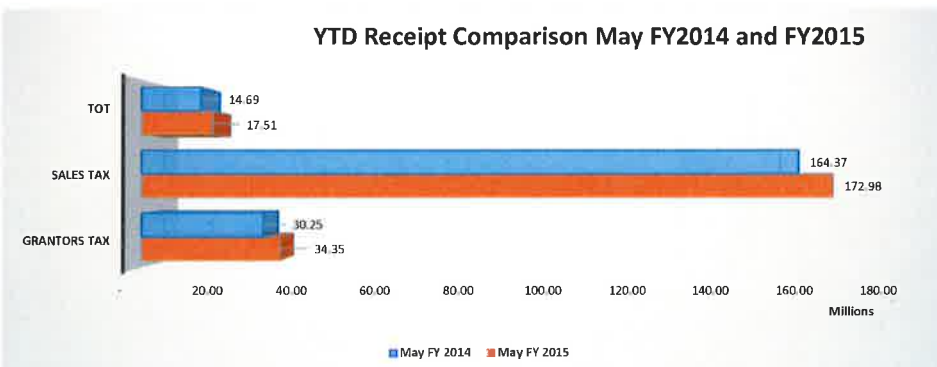
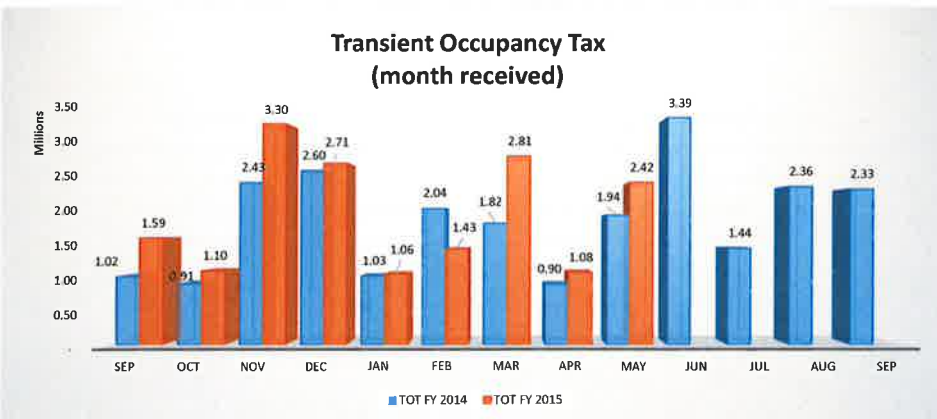
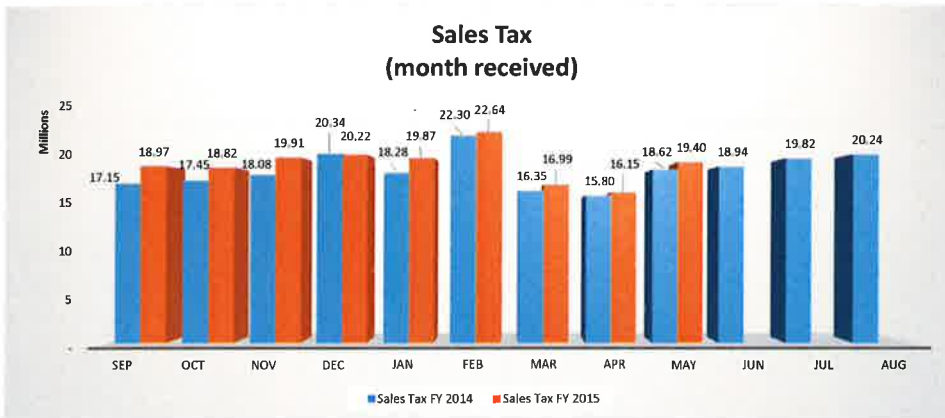
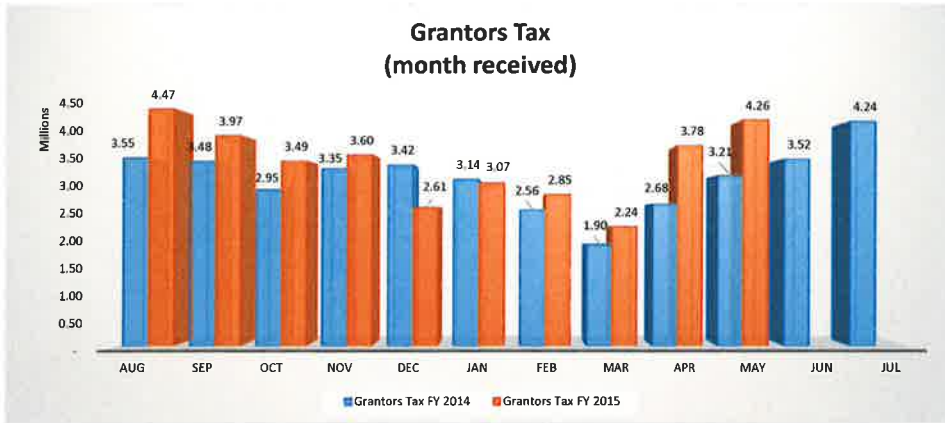
Grantors Tax		Received	NVTA		Projected Variance	
			FY 2015	Annualized - Actual		
Transaction Months	10	To Date	Annualized	Budget	To Budget	
City of Alexandria		\$ 2,958,227	\$ 3,549,872	\$ 3,195,000	\$ 354,872	
Arlington County		\$ 3,688,410	\$ 4,426,092	\$ 4,574,287	\$ (148,195)	
City of Fairfax		\$ 230,437	\$ 276,525	\$ 290,799	\$ (14,274)	
Fairfax County		\$ 15,587,376	\$ 18,704,851	\$ 15,169,980	\$ 3,534,871	
City of Falls Church		\$ 239,762	\$ 287,715	\$ 263,319	\$ 24,396	
Loudoun County		\$ 7,038,722	\$ 8,446,466	\$ 8,466,000	\$ (19,534)	
City of Manassas		\$ 253,283	\$ 303,939	\$ 272,917	\$ 31,022	
City of Manassas Park		\$ 134,419	\$ 161,303	\$ 149,692	\$ 11,611	
Prince William County		\$ 4,218,322	\$ 5,061,987	\$ 4,521,672	\$ 540,315	
Total Grantors Tax Revenue		\$ 34,348,958	\$ 41,218,750	\$ 36,903,666	\$ 4,315,084	11.69%
Regional Sales Tax*		Received		FY 2015	Annualized - Actual	
Transaction Months	9	To Date	Annualized	Budget	To Budget	
City of Alexandria		\$10,358,767	\$ 13,811,689	\$ 14,891,000	\$ (1,079,311)	
Arlington County		\$17,789,019	\$ 23,718,692	\$ 23,984,390	\$ (265,698)	
City of Fairfax		\$5,321,352	\$ 7,095,136	\$ 6,536,626	\$ 558,510	
Fairfax County		\$78,327,487	\$ 104,436,649	\$ 100,596,000	\$ 3,840,649	
City of Falls Church		\$1,629,956	\$ 2,173,275	\$ 2,498,666	\$ (325,391)	
Loudoun County		\$29,570,591	\$ 39,427,455	\$ 40,086,000	\$ (658,545)	
City of Manassas		\$3,495,016	\$ 4,660,021	\$ 4,620,629	\$ 39,392	
City of Manassas Park		\$900,273	\$ 1,200,365	\$ 930,903	\$ 269,462	
Prince William County		\$25,583,494	\$ 34,111,325	\$ 33,928,982	\$ 182,343	
Total Sales Tax Revenue*		\$ 172,975,955	\$ 230,634,606	\$ 228,073,196	\$ 2,561,410	1.12%
Transient Occupancy Tax (TOT)		Received		FY 2015	Annualized - Actual	
Transaction Months	6.69	To Date	Annualized	Budget	To Budget	
City of Alexandria	Months	9.00 \$ 2,129,059	\$ 2,838,746	\$ 3,364,000	\$ (525,254)	
Arlington County	Months	9.00 \$ 6,280,077	\$ 8,373,435	\$ 8,890,830	\$ (517,395)	
City of Fairfax	Quarters	9.00 \$ 195,069	\$ 86,698	\$ 349,526	\$ (262,828)	
Fairfax County	Quarters	2.50 \$ 5,741,031	\$ 9,185,650	\$ 8,965,800	\$ 219,850	
City of Falls Church	Months	9.00 \$ 93,318	\$ 124,424	\$ 143,309	\$ (18,885)	
Loudoun County	Quarters	3.00 \$ 2,048,940	\$ 2,731,920	\$ 2,020,000	\$ 711,920	
City of Manassas	Months	9.00 \$ 38,566	\$ 51,422	\$ 78,546	\$ (27,124)	
City of Manassas Park		\$ -	\$ -	\$ -	\$ -	
Prince William County	Quarters	3.00 \$ 982,323	\$ 1,309,764	\$ 1,446,000	\$ (136,236)	
Total TOT Revenue		17,508,384	24,702,058	\$ 25,258,011	(555,953)	-2.20%
Total Revenue Received		\$ 224,833,297	\$ 296,555,415	\$ 290,234,873	\$ 6,320,542	2.18%
		\$ 224,833,297				
*The Regional Sales Tax is reported net of the following fees:						
August Receipt		\$ -				
September Receipt		\$ -				
October Receipt		\$ 22,065				
November Receipt		\$ 1,035				
December Receipt		\$ 22,310				
January Receipts		\$ 14,198				
		\$ 59,608				

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
FY 2015 30% DISTRIBUTION BY JURISDICTION

Based on: Receipts through May 2015

Jurisdiction	Grantor's Tax	Regional Sales Tax (1)	Transient Occupancy Tax (2)	NVTA Fund Interest	Total	30% Funds	Accrued Interest (3)	Prior Distributions	Current Month Distribution	Total Funds Transferred
City of Alexandria	\$ 2,958,226.55	\$ 10,358,767.03	\$ 2,129,059.44	\$ 15,093.22	\$ 15,461,146.24	\$ 4,638,343.87	235.27	\$ 4,069,315.60	\$ 569,263.54	\$ 4,638,579.14
Arlington County	\$ 3,688,410.05	\$ 17,789,019.36	\$ 6,280,076.50	\$ 31,101.75	\$ 27,788,607.66	\$ 8,336,582.30	403.32	\$ 7,340,218.30	\$ 996,767.32	\$ 8,336,985.62
City of Fairfax	\$ 230,437.35	\$ 5,321,351.76	\$ 195,069.43	\$ 1,436.07	\$ 5,748,294.61	\$ 1,724,488.38	100.83	\$ 1,595,047.13	\$ 129,542.08	\$ 1,724,589.21
Fairfax County	\$ 15,587,376.15	\$ 78,327,486.68	\$ 5,741,031.46	\$ 64,233.58	\$ 99,720,127.87	\$ 29,916,038.36	1,478.83	\$ 26,372,029.86	\$ 3,545,487.33	\$ 29,917,517.19
City of Falls Church	\$ 239,762.10	\$ 1,629,956.00	\$ 93,317.67	\$ 964.23	\$ 1,964,000.00	\$ 589,200.00	33.61	\$ 523,005.27	\$ 66,228.34	\$ 589,233.61
Loudoun County	\$ 7,038,722.06	\$ 29,570,590.91	\$ 2,048,939.88	\$ 27,017.99	\$ 38,685,270.84	\$ 11,605,581.25	571.37	\$ 10,280,733.11	\$ 1,325,419.51	\$ 11,606,152.62
City of Manassas	\$ 253,282.50	\$ 3,495,016.02	\$ 38,566.28	\$ 1,158.28	\$ 3,788,023.08	\$ 1,136,406.92	67.22	\$ 1,003,361.87	\$ 133,112.27	\$ 1,136,474.14
City of Manassas Park	\$ 134,419.05	\$ 900,273.50	\$ -	\$ 485.12	\$ 1,035,177.67	\$ 310,553.30	-	\$ 277,711.69	\$ 32,841.61	\$ 310,553.30
Prince William County	\$ 4,218,322.34	\$ 25,583,493.60	\$ 982,323.16	\$ 15,420.08	\$ 30,799,559.18	\$ 9,239,867.75	470.53	\$ 8,206,264.41	\$ 1,034,073.87	\$ 9,240,338.28
Total Revenue	\$ 34,348,958.15	\$ 172,975,954.86	\$ 17,508,383.82	\$ 156,910.32	\$ 224,990,207.15	\$ 67,497,062.13	\$ 3,360.98	\$ 59,667,687.24	\$ 7,832,735.87	\$ 67,500,423.11

1 Net of Dept. of Taxation Fees
2 County TOT includes any town collections
3 Interest earned through 4/30/2015



VII.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman York and Members of the NVTA Finance Committee
FROM: Michael Longhi, Chief Financial Officer
SUBJECT: NVTA Operating Budget
DATE: June 19, 2015

1. **Purpose:** To update the Finance Committee on the NVTA Operating Budget for FY2015.
2. **Background:** The NVTA operating budget is funded through the participating jurisdictions. All jurisdictions have contributed their respective share of the FY2015 operating budget.
3. **Comments:**
 - a. Operating Revenue at over 100% of estimate.
 - b. May represents 91.7% of the fiscal year. Through May 2015, the Authority has utilized 79.2% of its expenditure budget.
 - c. No changes are expected to the Operating Budget.

Attachment: FY2015 Operating Budget through May 31, 2015

Northern Virginia Transportation Authority FY 2015 Operating Budget May 31, 2015			
INCOME:	Approved Budget	Actual Receipts	Variance Budget to Actual
Budget Carryforward	\$ 270,000.00	\$ 294,142.00	\$ 24,142.00
Interest (70% Regional Revenues) *			-
Billed to Member Jurisdictions	1,149,473.00	1,149,473.00	-
Misc. Income		3,229.09	3,229.09
Reimbursement -LOC Cost of Issuance			-
Total Income	1,419,473.00	1,446,844.09	27,371.09
EXPENDITURES:	Approved Budget	Actual Expenditures	Variance Budget to Actual
Personnel Expenditures			
Salaries	\$ 649,290.00	\$ 591,015.62	\$ 58,274.38
Benefits	140,850.00	119,336.67	21,513.33
Taxes	49,600.00	43,627.97	5,972.03
Personnel Subtotal	839,740.00	753,980.26	85,759.74
Professional Service			
Audit/Accounting	27,500.00	27,369.00	131.00
Banking Services	1,000.00	129.57	870.43
Insurance	3,700.00	3,689.00	11.00
Payroll Services	2,000.00	942.62	1,057.38
Transaction Update Outreach	46,200.00	-	46,200.00
Public Outreach	23,800.00	31,843.29	(8,043.29)
Professional Subtotal	104,200.00	63,973.48	40,226.52
Technology/Communication			
Accounting & Financial Reporting System	25,000.00	20,125.00	4,875.00
Hardware Software & Peripherals Purchase	7,000.00	4,171.65	2,828.35
IT Support Services including Hosting	11,794.00	10,276.41	1,517.59
Phone Service	7,060.00	4,310.12	2,749.88
Web Development & Hosting	30,000.00	1,281.55	28,718.45
Subtotal Technology/Communication	80,854.00	40,164.73	40,689.27
Administrative Expenses			
Advertisements	6,000.00	425.00	5,575.00
Dues & Subscriptions	2,500.00	1,578.00	922.00
Duplication/Printing	15,000.00	11,022.63	3,977.37
Furniture/Fixtures	58,000.00	39,621.53	18,378.47
Meeting Expenses	3,600.00	4,406.60	(806.60)
Mileage/Transportation	7,200.00	2,018.67	5,181.33
Miscellaneous Expense (moving expense)	5,000.00	4,365.62	634.38
Office Lease	50,000.00	5,535.00	44,465.00
Office Supplies	5,200.00	7,151.62	(1,951.62)
Postage/Delivery	600.00	157.20	442.80
Professional Development/Training	5,000.00	2,106.32	2,893.68
Subtotal Administrative Expenses	158,100.00	78,388.19	79,711.81
Expenditure Subtotal	1,182,894.00	936,506.66	246,387.34
Operating Reserve (20%)	236,579.00	-	236,579.00
Total Expenditures	1,419,473.00	936,506.66	482,966.34
Budget Balance	\$ -	\$ 510,337.43	\$ 510,337.43
Member Jurisdiction Support			
Jurisdiction	2010 Population	FY 2015 Support Amounts	
City of Alexandria	6.30%	\$ 72,417	
Arlington County	9.40%	\$ 108,050	
City of Fairfax	1.00%	\$ 11,495	
Fairfax County	48.00%	\$ 551,747	
City of Falls Church	0.60%	\$ 6,897	
Loudoun County	14.20%	\$ 163,225	
City of Manassas	1.70%	\$ 19,541	
City of Manassas Park	0.60%	\$ 6,897	
Prince William County	18.20%	\$ 209,204	
		\$ 1,149,472	