



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Friday, December 5, 2014 1:00 pm
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 1:07pm.
- Attendees:
 - ✓ Members: Chairman York; Board Member Hynes; Chairman Bulova; Mayor Parrish; Council Member Rishell.
 - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer), Camela Speer (Clerk).
 - ✓ Council of Counsel: Ellen Posner (Fairfax County); Steve MacIsaac (Arlington County).
 - ✓ Other Staff: Falayi Adu (Loudoun County); Noelle Dominguez (Fairfax County); Carl Hampton (Prince William); Arthur Anderson (McGuireWoods); JoAnne Carter (PFM); Kristy Choi (PFM).

II. Summary Minutes of the October 3, 2014 Meeting

- Chairman Bulova moved to approve the minutes of October 3, 2014; seconded by Mayor Parrish. Motion carried unanimously.

Action Items

III. Establish Organizational and Financial Policies

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the establishment of the NVTVA Organizational and Financial Policies. He noted:
 - ✓ These are the first comprehensive set of NVTVA operational documents.
 - ✓ These are living documents that will be updated as necessary.
 - ✓ Authority's financial advisors, bond counsel and the Council of Counsels have reviewed.
 - ✓ Debt policy requires review in FY2015 and this will occur after January.
 - ✓ Procurement policy has been updated and includes one major change which is an increase of check signing duality from \$5000 to \$15,000.
- In response to Committee questions, the following clarifications were made:
 - ✓ The single signatory can be either the CFO or the Executive Director.

- ✓ The routine policies and the handbook were modeled after several jurisdictional and agency documents. The debt policy, while structured after jurisdictional policies, was modified by bond counsel for an organization that finances, but does not own or operate projects.
 - ✓ The Electronic Records section of Policy #6 will be modified to address the reference to “the above items”.
 - ✓ The Executive Director, CFO, Assistant Finance Officer and Program Coordinators will complete NVTA Conflict of Interest Statements. The elected officials will not need to complete these statements as they already complete statements for their jurisdictions. There was a discussion as to whether there was a need for a copy of these statements to be kept in the NVTA offices and there was general agreement that this is not necessary. It was noted that if a citizen were to request a copy of one of the member’s Conflict of Interest statements, it could readily be supplied by the appropriate body or found online.
- Chairman Bulova moved that the Finance Committee recommend to the Authority approval of the proposed Organizational and Financial Policies; seconded by Council Member Rishell. Motion carried unanimously.

IV. Establish Employee Handbook

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the establishment of the NVTA Employee Handbook. He highlighted:
 - ✓ A variety of jurisdictional and agency handbooks were used in the development of the NVTA handbook.
 - ✓ Given the potential for state amendments, Council of Counsels suggests that edits may be made prior to the December 11, 2014 Authority meeting.
- There was a brief discussion as to whether to set an employee holiday schedule or to reference following the Commonwealth’s holiday schedule. It was agreed to leave it as is and allow the Executive Director the flexibility to add days that the State adds. It was suggested and agreed that reference to Christmas be dropped.
- Board Member Hynes moved that the Finance Committee recommend to the Authority approval of the proposed NVTA Employee Handbook, with modifications offered by the Committee ; seconded by Chairman Bulova. Motion carried unanimously.

V. Establish Tax Exempt Bonds Post-Issuance Tax Compliance Policies and Procedures

Mr. Longhi, CFO

- Mr. Longhi briefed the Committee on the Tax Exempt Bonds Post-Issuance Tax Compliance Policies and Procedures. He noted that NVTA’s bond counsel, Mr. Anderson, is still working on this policy and would like latitude to make minor

changes prior to the December 11, 2014 Authority meeting. Mr. Longhi requested that the Committee approve the policy in substantive form.

- Mayor Parrish moved that the Finance Committee recommend to the Authority approval of the proposed Tax Exempt Bonds Post-Issuance Tax Compliance Policies and Procedures in substantially the form presented at this meeting; seconded by Chairman Bulova. Motion carried unanimously.

Information/Discussion Items

VI. Update on 2014 Bond Issuance

Mr. Longhi, CFO

- Mr. Longhi updated the Committee on the 2014 Bond Issuance. He noted:
 - ✓ Well received by the market.
 - ✓ Oversubscribed by 2.5 times.
 - ✓ Good variety of bidders.
 - ✓ Very few questions on the credit picture of the Authority.
 - ✓ Well understood on the Street, which seems to be an indication of the outstanding presence of our member jurisdictions in the credit markets.
 - ✓ Ended with true interest cost of 3.09%.
- Ms. Carter briefed the Committee on the current market conditions and how NVTA bonds were received by the market. She highlighted:
 - ✓ The Authority achieved a good long term borrowing rate on the bonds, with the 30-year Treasury Bonds hovering around 3% currently. This indicates that the Authority bonds are perceived as pretty risk free.
 - ✓ Current rates are at or near the 30-year long term average, well below the 10-year average and well below the 30-year average. From a historical perspective, this is a good time for the Authority to be borrowing.
 - ✓ Have been in a declining interest rate environment leading into Authority bond sale.
 - ✓ Authority bonds were priced relative to the High Grade Index benchmark (MMD).
 - ✓ Explained the spread of NVTA's bonds relative to that Index and other comparable deals in the market the same week.
 - ✓ There was a \$1.6 billion deal sold by Texas DOT in the same week. This was an AAA rated bond and NVTA priced well compared to that transaction as well.

VII. NVTA Receipts Report

Mr. Longhi, CFO

- Mr. Longhi updated the Committee on the NVTA receipts report. He noted that to date \$79.2 million has been received from the Commonwealth. He recommended not changing the projected estimates at this time as we only have four (4) months of receipts data and would like to have a few more months to review trends. Mr. Longhi stated that currently \$23.8 million of 30% funds have been distributed or

are ready to distribute. He added that currently five (5) jurisdictions are receiving 30% funds.

- Discussion followed about reviewing the FY2016 revenue projections and looking forward to FY2017. The consensus was that projections should be conservative. Mr. Longhi noted that a 1.85% increase in revenues was projected in the FY2015/16 projections.
- Concern was expressed about the State appropriating HB 2313 revenues, in areas not directly related to the receipts received by NVTAs. Ms. Backmon responded that all references to HB 2313 monies were removed from the State budget amendments.

VIII. NVTAs Operating Budget Report

Mr. Longhi, CFO

- Mr. Longhi updated the Committee on the NVTAs operating budget. He noted:
 - ✓ Have received all operating revenue.
 - ✓ Have utilized 28.9% of budget.
 - ✓ No budget changes requests are anticipated.

IX. Meeting Schedule for 2015

Chairman York

- Chairman York noted that with the NVTAs meeting schedule will be changing to the 4th Thursday of the month and suggested the Committee discuss changing its meeting dates as well. He recommended moving the Committee meeting dates to the 3rd Friday of the month. It was suggested that this date would conflict with VRE Board meetings. Other dates and times were discussed.
- There was consensus to move the CY2015 Finance Committee meetings to the 3rd Friday of each month at 1:30pm.
- Discussion followed regarding the Federal Market Place Fairness Act vs. changes to the Commonwealth Gas Tax. Several questions were raised regarding the default increase in the Commonwealth Gas Tax if the Federal Market Place Fairness Act is not put in place. Council of Counsel will review legislation and report back to the Authority.

Adjournment

X. Adjournment

- Meeting adjourned at 1:49pm.