NVTA Financial Working Group

Fairfax Department of Transportation
4050 Legato Road, Suite 400
Fairfax, Virginia 22033
Thursday, August 1, 2013
1:00 p.m.

I. Introductions

II. Approval of Summary of July 15, 2013, Meeting

III. Review of Overarching Questions

- A. Finalize Tax and Fee Revenue Estimates
  - a. Status of Verification of Imposition of Commercial & Industrial Property Tax or Equivalent and Calculation of Maintenance of Effort
- B. Discussion of Selling Bonds and Other Documents
  - a. Summary of NVTA Actions
  - b. Status of NVTA Bond Validation Proceedings
  - c. Status of Letter to Treasury Board
  - d. Status of Electronic Funds Agreement
- C. Discussion of Estimated Revenues Generated in Towns
  - a. Status of Discussions between Counties and Towns
  - b. Difference in Calculating Sales Tax Distributions
  - c. Preparation of Recommendation for September 26, 2013

IV. Other Topics for Discussion

- a. Discussion of:
  - i. Projects Agreements between NVTA and Implementing Agencies
    - 1. MOA for Transferring Funding to Local Governments and/or Implementing Agencies
    - 2. Cash Flow for Expenditures
    - 3. Documentation
- b. Development of Annual Budget
  - i. Coordination with Organizational Working Group and Interim Executive Director
  - ii. Preparation of Recommendations for September 26, 2013, Meeting

- c. Discussion of Position Description for Chief Financial Officer or Equivalent
- d. Review of Procurement Procedures
- e. Identification of Additional Items for Discussion

V. Other Business

- Timeline for Preparing Revised Debt and Financial Policies
- Review of Liability and Insurance Coverage Issues with Legal and Organizational Working Groups
- Status of WMATA and VRE Subcommittees

VI. Items Referred from Other Working Groups

VII. Items to Refer to Other Working Groups

VIII. Summarize Recommendations Made by Working Group for the September 26, 2013, NVTA Meeting; Additional Information Requirements; Persons Responsible for Securing Information; and Direction to Staff Coordinators

IX. Next Meeting

X. Adjourn

4.D.

Financial Working Group
Northern Virginia Transportation Authority

MEMORANDUM

TO: Martin E. Nohe, Chairman
Northern Virginia Transportation Authority

Members
Northern Virginia Transportation Authority

FROM: William Euille, Chairman
Financial Working Group
Northern Virginia Transportation Authority

SUBJECT: Recommendations of the Financial Working Group related to the Implementation of HB 2313 (Agenda Item 4.D.)

DATE: July 18, 2013

Recommendations:

The Financial Working Group recommends that the NVTA take the following actions related to the implementation of HB 2313:

a) **Approve a FY 2014 budget for the Authority;**
b) **Approve a request to the local governments to fund the budget deficit for FY 2014;**
c) **Approve a policy directing that none of the 70 percent of funding the Authority is receiving for regional projects be expended until a bond validation suit has been successfully completed;**
d) **Approve a recommendation that the local governments not expend their 30 percent share of the revenues that the Authority will be receiving until a bond validation suit has been successfully completed, unless the local government is prepared to repay any money expended to the Authority, if the suit is not successful;**
e) **Direct the Financial Working Group to work with the Legal Working Group to prepare a Memorandum of Agreement between the Authority and each local government outlining procedures for distribution and expenditure of the 30 percent share of Authority revenues being allocated to the local governments consistent with HB 2313, including repayment provisions;**
f) **Authorize Chairman Nohe to execute a letter to the Commonwealth Treasury Board seeking an exemption from typical Treasury Board approval for selling bonds supported by the three taxes that the Authority will be receiving from the Commonwealth as a result of HB 2313;**

g) Authorize Chairman Nohe to execute an Electronic Funds Transfer agreement with the Department of Taxation to allow the Authority to receive the revenues from HB 2313; and
h) Suspend the debt policy adopted by the Authority in 2008.

Background:

Since the June 20, 2013, NVTA meeting, the Financial Working Group has met three times to continue its efforts to prepare for the implementation of HB 2313. Several subcommittee meetings were also held. Each of the working group's recommendations is discussed in more detail below. In addition, the working group's discussions on several other topics are also described.

FY 2014 Budget

The Financial Working Group has coordinated with the other four working groups to prepare a recommended FY 2014 budget (Attachment A) for the Authority's consideration. The proposed budget is $1,025,000 for administrative expenses. The budget includes for following:

- The costs associated with financial analysis (approved by the Authority on June 20, 2013), and a bond validation suit;
- Modest office space rental costs at the Northern Virginia Regional Commission;
- Continuation of Directors and Officers insurance coverage and the purchase of general liability insurance policy;
- Employment of up to six staff members staggered between August 15, 2013, and January 2014. These employees include: an Executive Director, a Chief Financial Officer, an accountant, two project coordinators and an administrative assistant. While the budget assumes that these individuals would be employees, that assumption would not prevent the Authority from procuring the functions provided by these positions on a contractual basis;
- Office furniture, information technology equipment, fringe benefits and vehicle mileage payments for each of the employees.
- A 20 percent contingency has been included to cover costs such as an annual audit and possible consultant support for the Project Implementation Working Group, as well as unidentified and unexpected expenses.

In addition, the Working Group has prepared an initial calculation of a FY 2015 full year budget, assuming the addition of a part time public information officer for illustrative purposes. A more formal FY 2015 budget will be submitted to the Authority for consideration in Spring 2014.

Request to Local Governments to Fund FY 2014 Budget Deficit

The Financial Working Group has identified approximately $300,000 to fund the FY 2014 budget. These funds include approximately $212,117 in Virginia Department of Transportation grant funds and approximately $100,000 in interest to be earned on the taxes the Authority receives. Subtracting these revenues results is a deficit of approximately $712,883. The Code of Virginia indicates that unless funded through other sources, the administrative expenses of the Authority will be allocated to each of its member jurisdictions based on population. While the Financial Working Group understands that difficulties of submitting a funding request to the local governments after their annual budgets are adopted, the working group believes that this is the best way to fund the Authority's FY 2014 administrative expenses. A proposed distribution of these costs is shown in the attachment. Each local government will need to determine how to pay its share of the FY 2014 budget. This could include using a portion of the 30 percent of funding allocated to the local governments who qualify for it with the caveats describe below or using some other locally available funding source. Payments would be due around October 1, 2014.

There are two other alternatives. The Authority could choose to use a portion of the 30 percent funding it will be transferring to the local government (off the top) to fund these expenses. This approach would avoid an unexpected mid-year billing to the local governments. However, as is indicated below, the Financial Working Group cautions against spending these 30 percent revenues before a bond validation suit is successfully concluded to avoid problems with refunding revenues, if the bond validation is not successful. In 2007, the Authority asked the Virginia Department of Transportation to provide a short-term loan for initial expenses. However, at the time, the Authority voted to implement the taxes and fees effective January 1, 2008, so there was a need to fund expenses before revenues were being received.

Policy Related to 70 Percent of Funding NVTA is Retaining

Based on the Authority's experience with the bond validation suit associated with the HB 3202 revenues in 2007-2008, the Financial Working Group is concerned about the possibility of needing to refund some or all of the new HB 2313 regional revenues, if the Authority decided to sell bonds and file a bond validation suit, and the suit is unsuccessful. Alternatively, if the Authority chooses not to sell bonds and loses a subsequent court challenge, there might also be a need to refund revenues collected by the Commonwealth on the Authority's behalf. As a result, the Financial Working Group recommends that the Authority approve a policy statement that it will not spend any of the 70 percent of regional funds it retains, until there is a final ruling in a bond validation case.

One disadvantage of this approach is that Authority will be collecting revenue for approximately eight months before the bond validation suit is resolved. During this time approximately, $94 million might be collected, but not immediately used. This would be contrary to urging from some state officials to begin showing progress on implementing projects as quickly as possible. The Financial Working Group believes that holding the revenue is preferable to having the Virginia

Supreme Court rule against the Authority when projects are under construction.

Recommendation Regarding the Local Jurisdictions' Expenditure of 30 Percent of Funding NVTA will Receive

As noted above, the Financial Working Group is concerned about the possibility that the Authority's bond validation suit will be unsuccessful. In 2008, the Authority was required to refund approximately $30 million in taxes and fees collected before the bond validation litigation was complete. HB 2313 requires that the Authority transfer 30 percent of the revenues it receives to the local governments in which the revenues are raised. In addition, counties are directed to work with towns to ensure that they receive their share of the funding. The Financial Working Group anticipates that NVTA will start receiving revenues from HB 2313 in September 2013. The working group is attempting to put various procedures in place to allow the Authority to begin transferring funds to the local governments in late September 2013. Some additional approvals will be needed from the Authority at the September 26, 2013, meeting to accomplish this. However, in light of the uncertainty about the outcome of a bond validation suit, the Financial Working Group strongly recommends that the Authority caution local governments to either avoid spending the money until a bond validation suit is resolved or be prepared to reimburse the Authority for any money spent, if the bond validation is not successful. This approach would allow each local governing body that qualifies to receive a portion of the 30 percent of funding the Authority will be distributing to the local governments the opportunity to decide which approach works best for its local government. The Financial Working Group further recommends that this concept be included in the Memorandum of Agreements (MOAs) between the Authority and its local governments. These MOAs will be presented for the Authority's consideration at the September 26, 2013, meeting.

Direct the Financial Working Group and the Legal Working Group prepare a Memorandum of Agreement with each Local Government

As noted above, the Financial Working Group and the Legal Working Group recommend that the Authority enter into an MOA with each of its local governments establishing the procedures for the disbursement and expenditure of the 30 percent of funding that the Authority will be transferring to the local governments. The agreement would address several topics including:

- Address the timing and frequency of distribution of tax revenues to the local governments;
- Reiterate the statutory requirements included in HB 2313 for the use of the funding, including the penalties for failure to abide by these requirements;
- Outline the reporting requirements for the local government to demonstrate how the funding was spent;

- Discuss the local governments' options for spending funding before the bond validation suit is complete and the requirement that the local governments repay the Authority, if the bonds are not validated.

The Financial Working Group believes that these agreements should be as short as possible, while ensuring that all requirements are met. The working group expects that these agreements will be ready for the Authority's consideration at the September 26, 2013, meeting. In addition, the working group will also be developing a separate agreement between the Authority and each local government and transportation agencies outlining the procedures for implementing projects with the 70 percent of funds that the Authority will be distributing to regional projects. This agreement should also be available for the Authority's consideration in September 2013.

Exemption from the Commonwealth Treasury Board

If the Authority determines to issue bonds payable from and secured by the regional taxes and fees, then because the Authority is a state authority and the revenues from the regional taxes and fees are appropriated to the NVTA Fund, "terms and structure" approval of the Treasury Board of the Commonwealth may be required under Section 2.2-2416(7) of the Virginia Code. However, Section 2.2-2416(8) authorizes the Treasury Board to exempt certain types or classes of bonds and other financing arrangements from its review and approval. Treasury Board staff has already indicated that it will support such an exemption and, if Treasury Board receives a formal request from the Authority relatively soon, it will consider approving the exemption at either its August or September meeting. The Financial Working Group recommends that the Authority authorize the Chairman to send a letter to the Treasury Board requesting this exemption. The letter will be prepared by the Authority's bond counsel and coordinated with the Legal Working Group.

Electronic Funds Transfer Agreement

HB 2313 requires that the revenue from the three regional taxes and fees be deposited into the Northern Virginia Transportation Authority Fund. The revenue is then to be distributed from that fund to the Authority via electronic means. As a result, the Authority must enter into an Electronic Funds Transfer Agreement with the Commonwealth of Virginia through the Department of Accounts. This agreement has been reviewed by the Legal Working Group. The Financial Working Group recommends that the Authority authorize Chairman Nohe to execute this agreement.

Suspension of Debt Policy

In January 2008, the Authority approved a debt policy based on the situation at the time. This policy was based on the fact the Authority had impose seven taxes and fees in July 2007, and began collecting these taxes and fees on January 1, 2008. It was also structured based on the requirements of HB 3202 (2007), some of which no longer apply. Since the Authority's revenue sources are different as a result of HB 2313 and the financial markets have also changed considerably since 2008, bond counsel recommends that the Authority suspend the current debt policy. The Financial Working Group, in conjunction with the Legal Working Group, bond counsel and the Authority financial advisor will bring a new debt policy forward for the Authority's consideration later this fall.

Report of the Financial Advisor

On June 20, 2013, the Authority authorized engaging PFM (the Authority's financial advisor) to undertake a scope of work (Attachment B) for an analysis for bond funding projects versus "pay of you go" financing. This effort was also intended to address a number of items that were included in a memorandum from Davenport and Company to Loudoun County (Attachment C) regarding a possible bond sale. The Financial Working Group established a subcommittee of debt managers from Loudoun, Prince William, Fairfax and Arlington Counties to assist PFM in addressing the scope of work. The subcommittee met with PFM several times. PFM also met with the entire Financial Working Group and with the financial advisors for the NVTA member jurisdictions that it does not represent as it prepared its analysis. PFM's Managing Partner JoAnne Carter will present PFM's analysis, findings and recommendations at the NVTA meeting on July 24, 2013.

Allocation of Revenues to Towns

Staff from each of the three affected counties (Fairfax, Loudoun and Prince William) have been met with or discussed the allocation and distribution of revenues with the appropriate towns. The Financial Working Group will be preparing final recommendation on the distribution of revenues to the towns for the Authority's consideration on September 26, 2013.

Preparation for an Initial Bond Sale

As directed by the Authority on June 20, 2013, the Financial Working Group has continued to work with the Legal Working Group and the Project Implementation Working Group to prepare the appropriate documents for an initial bond issuance for the Authority's consideration on July 24, 2013. Those documents are included elsewhere on the agenda. The Financial Working Group believes that a modest bond issue (in the range of $50 to $100 million) may not only assist NVTA in resolving any legal challenges, but would also provide upfront revenues to initiate some regional projects. Such revenues would allow the Authority and its member local governments to begin implementing projects faster than simply relying on a "pay as you go" method. The Financial Working Group recognizes that debt and "pay as you go" financing are both important tools to achieving an improved transportation system in Northern Virginia.

On-Going Activities

The Financial Working Group is still working on several additional tasks. These include:

- documenting each local government's intention related to the adoption of the Commercial and Industrial Property Tax for Transportation at $0.125 per $100 valuation or equivalent and current levels of transportation expenditures;
- establishing procedures for cash flow analyses for projects;
- developing audit procedures;
- updating NVTA's procurement policies;
- preparing a position description for a Chief Financial Officer or consultant to handle the same functions.
- preparing a recommendation for the Authority related to the calculation of the long-term benefit that jurisdictions will receive from the implementation of the projects and services supported by the 70 percent of funding that the Authority will retain for regional projects.

Financial Working Group members and I will be available at the NVTA meeting on July 24, 2013, to answer questions.

Cc: Members, NVTA Jurisdiction and Agency Coordinating Committee
Members, NVTA Financial Working Group

DRAFT FY 2014 Administrative Budget
July 18, 2013

		FY 2008	**Proposed FY 2014**	Draft FY 2015	
Legal	1	$125,000	**$125,000**	$0	Bond Counsel expenses (to be reimbursed by bond issue) + Other costs associated with validation
Public Outreach	2	$25,000	**$30,000**	$75,000	Includes part time PIO in FY 2015
Organizational	3	$212,500	**$156,000**	$179,227	Executive Director and administrative support; ED hired 8/15/13; administrative support 9/1/13
Financial	4	$162,500	**$178,333**	$230,000	CFO + Accountant (9/1/13, 11/1/13)
Project Implementation	5	$144,000	**$90,000**	$144,000	Two Program Coordinators; Start dates (10/1/13 and 1/1/14)
Fringe Benefits	6		**$127,300**	$183,968	Budgeted at 30% of personnel costs
Office Space Lease	7	$78,750	**$2,550**	$5,100	Waived for first six months
Office Space Build Out	8	$81,000	**$36,000**	$6,000	Furniture, computers for six people (FY 2014) + PIO (FY 2015)
Telecommunications Equip.	9	$18,000	**$10,000**	$12,000	Cell phones for five people (FY 2014); six people (FY 2015)
Vehicle/Transportation	10	$35,560	**$6,000**	$14,000	Mileage allowance
Financial Services	11		**$80,000**	$60,000	PFM contract (FY 2014); Other financial services (FY 2015)
Operating Expenses	12	$30,000	**$10,000**	$10,000	Copies, Postage
Insurance	13	$7,500	**$3,000**	$3,000	Continue existing directors and officers coverage. Additional coverage: General Liability
Subtotal		**$919,810**	**$854,183**	**$922,295**	
Contingency (20%)		$183,962	**$170,818**	$184,459	
Total		**$1,103,772**	**$1,025,000**	**$1,106,754**	

1. Costs are expected to be similar as the bond validation in 2007.
2. FY 2014: rebuild website ($20,000) + public notifications/outreach ($10,000). FY 2015: Part time public information officer ($60,000) + public notifications/outreach ($10,000) + website maintenance ($5,000)

3. Assumes ED hired 8/15/13. Annual Salary: $155, 227 ($130,000 + inflation); 10.5 months = $135,823. Admin. Assistant starting 9/1/13. Annual = $24,000. 10 month = $20,000
4. CFO = $150,000. Start 9/1/13. 10 months = $125,000. Accountant = $80,000 Starting 11/1/13. 8 months = $53,333.
5. Two Staff Coordinators. Annual Salary: $72,000 each. One hiring on 10/1/13 and one on 1/1/14

8. $6,000 per employee including work station and computer.

10. Mileage allowance: $2,000 per employees (half year - FY 2014)
11. PFM Phase I work = $80,000. FY 2015 include $60,000 for financial support.
12. Copies and Postage. Internet and phone covered by NVRC
13. $500 for directors and officers coverage. $2,500 for General liability coverage

FY 2014 Projected Revenue for Administrative Expenses
July 18, 2013

Existing Cash On Hand	$212,117	
Interest on Transportation Revenues	$100,000	
Billed to Local Governments (see below)	$712,883	
Total	$1,025,000	$1,025,000

	2010 Population	
Alexandria	6.30%	$44,912
Arlington	9.40%	$67,011
Fairfax City	1.00%	$7,129
Fairfax County	48.00%	$342,184
Falls Church	0.60%	$4,277
Loudoun	14.20%	$101,229
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	100.00%	$712,883

Attachment B

NVTA Financial Analysis – Scope of Work
Approved: June 20, 2013

The NVTA desires the performance of the Financial Advisor to develop a comprehensive, long range plan of finance based on the 70 percent income projected from the recently adopted transportation bill (HB 2313). The plan of finance will build upon the NVTA Project List for FY 2014 and NVTA's TransAction 2040 Regional Transportation Plan and overlay certain required financial analyses and metrics, such as debt capacity. The initial analysis shall focus on the most effective uses of the projected multi-year income stream, and provide a sound foundation for best financial management practices that include investment and debt affordability policies. Dependent upon the findings and recommendations from the initial phase and the recommendations of the Financial Working Group and the decisions of the NVTA, the long range financing plan will be an important prerequisite to the rating dialog and will enable NVTA to present a comprehensive financial strategy to the rating agencies and participants in the bond market. This approach will give the rating agencies the in-depth analysis and a financing plan on which to perform their credit analysis and help NVTA achieve credibility with the participants in the bond market.

Initial Phase of Finance Development

The company will develop a comprehensive plan of finance that encompasses NVTA's long range capital plan and revenue forecast. The plan shall provide alternatives for financing the transportation program. The individual tasks and deliverables will be:

1. An analysis of debt vs. pay-as-you-go financing, including an analysis of alternatives to debt financing.
2. An analysis of various financial alternatives and debt structures, including, but not limited to fixed rate debt, variable rate debt, & interim financing. Identify the types and amounts of securities required for NVTA to issue a bond. How do these requirements compare to those of larger jurisdictions requirements? Recommend specific details and schedule for an initial bond issue, including size, maturity schedules, timing of sale, call provisions and other related items.
3. Analyze the impact of items 1 and 2 on the legal and credit provisions of NVTA's borrowing program, such as debt service coverage thresholds, including an analysis of the implications and potential impacts on localities of the issuance of debt by NVTA.
4. An analysis of implications and potential impacts on NVTA and the localities should another entity or conduit borrower, such as the Virginia Resource Authority, issue debt on behalf of NVTA member jurisdictions supported by the 70 percent share of funding NVTA retains.
5. An analysis of pros and cons of bond sales supported by the 70 percent share of funding NVTA retains through NVTA versus individual locality or localities.
6. Attend all NVTA Financial Working Group meetings
7. Participate in conference calls and meetings as necessary
8. Prepare and provide a memorandum and presentation for the NVTA Board on July 24, 2013, and a presentation to the Financial Working Group before the NVTA meeting.
9. Provide other financial advisory services, as requested by NVTA

A Future Phase

1. Support the Council of Counsels, Bond Counsel and the Financial Working Group with the bond validation proceedings, as needed, including potential expert witness testimony
2. Develop financial, investment and debt affordability policies, in accordance with the recommendation of the financial working group
3. Develop a multi-year debt capacity model, which can accommodate various scenarios and "what if" analysis
4. Work with NVTA's bond counsel, McGuireWoods, to review bond validation authorizing resolution and documents, including the following:

    a. Review NVTA's plan to issue the bond validation suit. Analyze, evaluate and, if appropriate, recommend modifications to NVTA's plan.
    b. Work with NVTA staff and McGuire Woods to complete the authorizing resolution, and to review all documentation, including ordinances and bond documents relating to the bond validation suit, and make recommendations as appropriate.

5. Provide options and a recommendation regarding an optimal long-range plan of finance. Recommend specific details and schedule for this initial bond issue, including size, maturity schedules, timing of sale, call provisions and other related items.

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Davenport Public Finance
Post Office Box 85678
Richmond, Virginia 23285-5678

One James Center
901 East Cary Street – 11th Floor
Richmond, Virginia 23219-4037
804-697-2900

MEMORANDUM

To: Hon. Scott York

From: Courtney E. Rogers, *Senior Vice President, Davenport Public Finance*

Re: Northern Virginia Transportation Authority

Cc: Tim Hemstreet, County Administrator
Charles Yudd, Assistant County Administrator
Ben Mays, Chief Financial Officer
Penny Newquist, Deputy Chief Financial Officer
Janet Romanchyk, Comptroller
Martina Williams, Debt Manager
David P. Rose, *Senior Vice President and Manager, Davenport Public Finance*
Joe Mason, *Senior Vice President, Davenport Public Finance*

Date: May 22, 2013

With the recent passage of HB 2313 and subsequent signing of the legislation by Governor McDonnell, planning for use of the approximately $270 million+ in annual transportation revenue has begun in earnest. It has come to our attention, through consultation and discussion with County Staff, that both you and they have identified a number of critical and fundamental questions that need to be addressed regarding the strategic use of the annual revenues coming to the NVTA. As Financial Advisor to Loudoun County, Davenport & Company LLC ("Davenport") shares these concerns and through this letter, we seek to further articulate them, as well as to suggest a proactive path forward.

As you are aware, 30% of the annual revenue derived from HB 2313 will go directly to the localities. These revenues may either be used to cash fund projects, or leveraged, as each individual locality determines. The remaining 70% of annual revenue may be used as determined collectively by the NVTA board, insofar as such use is consistent with State Statutes. It is the monies making up the 70% and the planning process for their use that we wish to draw your attention.

According to County Staff, it appears that a decision has been made, at least among several of the parties participating in the various NVTA working groups, to leverage these future revenues through the issuance of debt by the NVTA, rather than using the funds on a pay-as-you-go basis in the coming year. While there are many factors that may influence the NVTA's decision to issue debt or cash fund projects, to our knowledge, the rationale to use leverage versus other options has not been fully vetted based on the financial environment we are in today.

It is our understanding that the NVTA distributed draft "Debt Policies" to its members pursuant to a memorandum dated January 7, 2008, and it is pursuant to these policies that the NVTA anticipates issuing debt by leveraging future revenue streams. These policies make certain assumptions about the structural requirements for the NVTA to issue bonds on an investment grade basis. For example, the policies establish a requirement that annual revenue must exceed annual debt service by more than 150% (i.e., for every $1.00 of debt service the NVTA needs $1.50 of revenue) and that the NVTA must establish a reserve funded from bond proceeds. These policies may, or may not, be consistent with the rating objective or other legal covenant requirements commonly accepted in today's municipal marketplace. For example, if Loudoun County were to obtain its proportionate share of the 70% in the form of a direct payment, then the County could leverage these dollars without having to require roughly $1.50 of revenues for each $1.00 of debt service. Moreover, a debt service reserve fund, costly in today's interest rate environment, would most likely be unnecessary. Finally, the interest rate(s) paid by Loudoun could be equal, if not lower than that of the NVTA depending upon the ultimate credit/security determined by Loudoun.

There have been material changes in the Public Capital Markets since the financial crisis in late 2008. Any policies or debt issuance contemplated in today's market must be reviewed based on the current environment and not policies promulgated in 2008. Further, it is our understanding that Loudoun County Staff has not been involved in the development or recommendations of these policies. At a minimum, the NVTA planning process needs to first incorporate a multi-faceted review of any and all Plan of Finance options before the NVTA moves forward with a bond issue or bond validation suit.

We respectfully recommend a more measured, consensus-driven approach. All parties will benefit from a full understanding of all alternatives by NVTA members and recognition that critical choices made now will have far reaching implications for the member localities over the next 20 years or more. We would be pleased to participate in the planning process to add our perspective to the alternatives under consideration. Davenport serves as financial advisor to five of the nine localities that are NVTA members (Loudoun County and the Cities of Alexandria, Fairfax, Manassas Park and Falls Church) and, as such, we believe that our clients' interests would be best served by an inclusive approach to the planning process.

We recognizes the magnitude of the decisions related to the utilization of revenues derived from HB 2313 and the potential issuance of debt by the NVTA. Prior to any formal decisions, we believe it is imperative for Loudoun and the other members to have a clear understanding of the ultimate Plan of Finance and the rationale for any currently proposed Plan of Finance. To that end, we suggest a meeting take place between the key stakeholders, including their Finance Staff and respective Financial Advisor(s) so that all affected parties can be fully aware of and have input into the final Plan of Finance for the NVTA.

We believe that three members, the Counties of Arlington, Prince William and Fairfax are served by Public Financial Management, and that the City of Manassas has worked with Springsted in the past. Davenport has worked on regional projects effectively with both of these firms to the benefit of all interested parties.

Suggested Plan of Action:

As a next step, we suggest that the NVTA have the two Financial Advisors who represent the majority of the stakeholders, Davenport and Public Financial Management, collectively present the pros and cons of using the 70% as pay-go funding versus leveraging the funds by issuing bonds. Some of the items that would be discussed include:

- If bonds are issued should the bonds be leveraged by NVTA or the individual localities;
- What are the credit implications of NVTA borrowing on the individual localities if any;
- What happens if the General Assembly were to make changes to the formula in later years while bonds are still outstanding;
- Do the draft policies need further refinement in light of the 2008 credit crisis;
- Are there other alternatives to debt financing which NVTA should consider;
- How will debt issued by NVTA be viewed by the rating agencies as it relates to the individual localities? (eg. Overlapping debt)

[NVTA Letterhead]

August __, 2013

Treasury Board of the Commonwealth of Virginia
101 North 14th Street
Richmond, Virginia 23219
Attention: Manju Ganeriwala, Chairwoman

Dear Chairwoman Ganeriwala:

I write on behalf of the Northern Virginia Transportation Authority ("NVTA") to respectfully request that the Treasury Board of the Commonwealth of Virginia (the "Treasury Board") exempt the below-described bonds, notes or other financing arrangements to be issued or entered into by NVTA from review and approval by the Treasury Board pursuant to Section 2.2-2416(8) of the Code of Virginia of 1950, as amended (the "Virginia Code").

NVTA is a political subdivision of the Commonwealth of Virginia (the "Commonwealth") established under Chapter 48, Title 15.2 of the Virginia Code (the "NVTA Act"). NVTA embraces the Counties of Arlington, Fairfax, Loudoun, and Prince William, and the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park, which localities also compose Planning District 8. NVTA's governing body consists of 17 members as specified in the NVTA Act, including two members of the House of Delegates, one member of the Senate and two citizens appointed by the Governor.

The 2013 General Assembly enacted House Bill 2313 ("HB 2313") under which certain taxes and fees are imposed in planning districts meeting specified criteria as to population, registered vehicles and transit ridership and dedicated to transportation purposes pursuant to Sections 58.1-603.1, 58.1-604.01, 58.1-638, 58.1-802.2 and 58.1-1742 of the Virginia Code. Planning District 8 meets the specified criteria and the regional taxes and fees were imposed effective July 1, 2013. Section 15.2-4838.01 of the NVTA Act provides that the revenues generated from such regional taxes and fees and other funds that may be appropriated by the General Assembly (collectively, the "NVTA Revenues") shall be credited to the Northern Virginia Transportation Authority Fund (the "NVTA Fund") and ultimately distributed to NVTA for use in accordance with the NVTA Act. Under Section 15.2-4838.01 of the NVTA Act, the NVTA Fund is a special, nonreverting fund established on the books of the Comptroller and moneys deposited in the NVTA Fund remain in therein and do not revert to the general fund of the Commonwealth.

NVTA may issue bonds and notes and enter into financing arrangements supported by any funds available to it, including the NVTA Revenues, in accordance with the NVTA Act. Accordingly, if NVTA determines to issue bonds or notes or enter into a financing arrangement payable from and secured by the NVTA Revenues, then because NVTA is a state authority and the NVTA Revenues are appropriated to the NVTA Fund, "terms and structure" approval of the Treasury Board may be required under Section 2.2-2416(7) of the Virginia Code. However, Section 2.2-2416(8) authorizes the Treasury Board to exempt certain types or classes of bonds and other financing arrangements from its review and approval. NVTA respectfully requests exemption from Treasury Board review and approval any NVTA bonds, notes or other financing arrangements payable from or otherwise secured or supported by NVTA Revenues in or transferred from the NVTA Fund.

There is precedent for the requested exemption. The Treasury Board's Debt Structuring and Issuance Guidelines reflect the exemption of "bonds, notes or other financing arrangements secured by local tax revenues and issued by tax-exempt corporations formed pursuant to the provisions of the Public-Private Transportation Act of 1995, the Public-Private Educational Facilities and Infrastructure Act of 2002 and the Multicounty Transportation Improvement Districts Act, that are not payable directly or indirectly from appropriations of the Commonwealth."

On its face, the exemption described above does not apply to bonds, notes or other financing arrangements of NVTA that are secured by the NVTA Revenues, but such bonds, notes or other financing agreements are substantially similar to the financing arrangements exempted thereby. The taxes and fees that generate the NVTA Revenues are imposed only within Planning District 8 and must be used only for transportation projects located in or otherwise benefiting Planning District 8 localities. The General Assembly did not intend for such taxes and fees to support the Commonwealth's general fund. Rather, the NVTA Fund is required to be held separate and distinct from other moneys of the Commonwealth.

Should you have any further questions about the financing arrangements of NVTA or NVTA's proposed uses of the NVTA Revenues, please do not hestitate to contact me.

Regards,

Martin E. Nohe, Chairman

Copy of cash flow example
2013 detail

	A	B	C	D	E	F	G	H	I	J	K
Bond Issue	238,000	150,046	57,929	56,500	596,418	596,418	189,963	189,963	180,000	1,220,000	5,106,636
Application of Premium	-	-	-	-	-	-	-	-	-	-	-
Reimbursement	238,000	150,046	57,929	56,500	30,505	4,436	17,155	17,155	-	-	3,793,998
July-13	N/A	N/A	N/A	N/A							131,464
August-13					565,913	591,982					100,000
September-13							172,808	172,808			300,000
October-13											300,000
November-13											200,000
December-13									180,000		50,000
January-14										50,000	100,000
February-14										50,000	25,000
March-14											25,000
April-14										100,000	25,000
May-14										200,000	
June-14										300,000	56,174
July-14										200,000	
August-14										120,000	
September-14										50,000	
October-14										50,000	
November-14										25,000	
December-14										25,000	
January-15										25,000	
February-15										15,000	
March-15										10,000	
April-15											
May-15											
June-15											
July-15											
August-15											
September-15											
October-15											
November-15											
December-15											
Total	**238,000**	**150,046**	**57,929**	**56,500**	**596,418**	**596,418**	**189,963**	**189,963**	**180,000**	**1,220,000**	**5,106,636**
Reimbursements	**238,000**	**150,046**	**57,929**	**56,500**	**30,505**	**4,436**	**17,155**	**17,155**	**-**	**-**	**3,793,998**
Cash flow less reimbursement	**0**	**0**	**0**	**0**	**565,913**	**591,982**	**172,808**	**172,808**	**180,000**	**1,220,000**	**1,312,638**

Copy of cash flow example
2013 detail

	L	M
Bond Issue	10,760,000	5,000,000
Application of Premium	-	-
Reimbursement	3,430,929	5,000,000
July-13	2,000,000	N/A
August-13	2,000,000	
September-13	2,000,000	
October-13	1,329,071	
November-13		
December-13		
January-14		
February-14		
March-14		
April-14		
May-14		
June-14		
July-14		
August-14		
September-14		
October-14		
November-14		
December-14		
January-15		
February-15		
March-15		
April-15		
May-15		
June-15		
July-15		
August-15		
September-15		
October-15		
November-15		
December-15		
Total	**10,760,000**	**5,000,000**
Reimbursements	**3,430,929**	**5,000,000**
Cash flow less reimbursement	**7,329,071**	**0**

Copy of cash flow example
2013 detail

	N	O	P	Q	R	Premium	Totals
Bond Issue	9,500,000	7,740,000	4,673,127	9,235,000			**55,490,000**
Application of Premium	-	8,260,000	-	-			**8,260,000**
Reimbursement	3,962,082	-	3,049,221	-			**19,807,958**
July-13	2,500,000	3,000,000	1,623,906	1,000,000			**10,255,370**
August-13	2,000,000	3,000,000		1,000,000	255,588	3,233	**9,516,716**
September-13	1,037,918	5,000,000		3,000,000			**11,683,534**
October-13		3,000,000		2,000,000			**6,629,071**
November-13		1,000,000					**1,200,000**
December-13		1,000,000					**1,230,000**
January-14				500,000			**650,000**
February-14							**75,000**
March-14							**25,000**
April-14				1,000,000			**1,125,000**
May-14				600,000			**800,000**
June-14				135,000			**491,174**
July-14							**200,000**
August-14							**120,000**
September-14							**50,000**
October-14							**50,000**
November-14							**25,000**
December-14							**25,000**
January-15							**25,000**
February-15							**15,000**
March-15							**10,000**
April-15							**0**
May-15							**0**
June-15							**0**
July-15							**0**
August-15							**0**
September-15							**0**
October-15							**0**
November-15							**0**
December-15							**0**
Total	**9,500,000**	**16,000,000**	**4,673,127**	**9,235,000**	**255,588**	**3,233**	**64,008,823**
Reimbursements	**3,962,082**	**-**	**3,049,221**	**-**	**-**	**-**	**19,807,958**
Cash flow less reimbursement	**5,537,918**	**16,000,000**	**1,623,906**	**9,235,000**	**255,588**	**3,233**	**44,200,865**

CIP Summary	Fiscal Year Totals					
Project Name:	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
STANDARD 10 MONTH CONSTRUCTION	$642,857	$2,507,143	$1,850,000	$0	$0	$0
STANDARD 12 MONTH CONSTRUCTION	$642,857	$2,107,143	$2,150,000	$100,000	$0	$0
STANDARD 14 MONTH CONSTRUCTION	$642,857	$1,821,429	$2,335,714	$200,000	$0	$0
STANDARD 18 MONTH CONSTRUCTION	$642,857	$1,440,476	$2,666,667	$250,000	$0	$0
STANDARD 24 MONTH CONSTRUCTION	$642,857	$1,107,143	$2,000,000	$1,150,000	$100,000	$0
Totals	**$3,214,286**	**$8,983,333**	**$11,002,381**	**$1,700,000**	**$100,000**	**$0**

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FY 2020	**FY 2021**	**FY 2022**	**FY 2023**		**Project**	**Debt**	**Jul-13**	**Aug-13**	**Sep-13**	**Oct-13**	**Nov-13**	**Dec-13**	**Jan-14**	**Feb-14**	**Mar-14**	**Apr-14**	**May-14**	**Jun-14**	**Jul-14**	**Aug-14**
							1	2	3	4	5	6	7	8	9	10	11	12	13	14
$0	$0	$0	$0		STANDARD 10 MONTH CONSTRUCTION	$5,000,000	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.42857	53571.4286	53571.4286
$0	$0	$0	$0		STANDARD 12 MONTH CONSTRUCTION	$5,000,000	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.42857	53571.4286	53571.4286
$0	$0	$0	$0		STANDARD 14 MONTH CONSTRUCTION	$5,000,000	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.42857	53571.4286	53571.4286
$0	$0	$0	$0		STANDARD 18 MONTH CONSTRUCTION	$5,000,000	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.42857	53571.4286	53571.4286
$0	$0	$0	$0		STANDARD 24 MONTH CONSTRUCTION	$5,000,000	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.4286	53571.42857	53571.4286	53571.4286
$0	**$0**	**$0**	**$0**		**Totals**	**$25,000,000**	**$267,857**	**$267,857**	**$267,857**	**$267,857**	**$267,857**	**$267,857**	**$267,857**	**$267,857**	**$267,857**	**$267,857**	**$267,857**	**$267,857**	**$267,857**	**$267,857**

Cash Flow																				
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Project	**Debt**	**Sep-14**	**Oct-14**	**Nov-14**	**Dec-14**	**Jan-15**	**Feb-15**	**Mar-15**	**Apr-15**	**May-15**	**Jun-15**	**Jul-15**	**Aug-15**	**Sep-15**	**Oct-15**	**Nov-15**	**Dec-15**	**Jan-16**	**Feb-16**	**Mar-16**
		15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33
STANDARD 10 MONTH CONSTRUCTION	$5,000,000	Final	Permitting	Bid	Award	400000	400000	400000	400000	400000	400000	400000	400000	400000	400000	Occupancy	Punchlist	FF & E	50000	50000
STANDARD 12 MONTH CONSTRUCTION	$5,000,000	Final	Permitting	Bid	Award	333333.333	333333.3333	333333.3333	333333.3333	333333.333	333333.3333	333333.333	333333.333	333333.3333	333333.333	333333.333	333333.333	Occupancy	Punchlist	FF & E
STANDARD 14 MONTH CONSTRUCTION	$5,000,000	Final	Permitting	Bid	Award	285714.286	285714.2857	285714.2857	285714.2857	285714.286	285714.2857	285714.286	285714.286	285714.2857	285714.286	285714.286	285714.286	285714.286	285714.286	Occupancy
STANDARD 18 MONTH CONSTRUCTION	$5,000,000	Final	Permitting	Bid	Award	222222.222	222222.2222	222222.2222	222222.2222	222222.222	222222.2222	222222.222	222222.222	222222.2222	222222.222	222222.222	222222.222	222222.222	222222.222	222222.222
STANDARD 24 MONTH CONSTRUCTION	$5,000,000	Final	Permitting	Bid	Award	166666.667	166666.6667	166666.6667	166666.6667	166666.667	166666.6667	166666.667	166666.667	166666.6667	166666.667	166666.667	166666.667	166666.667	166666.667	166666.667
Totals	**$25,000,000**	**$0**	**$0**	**$0**	**$0**	**$1,407,937**	**$1,407,937**	**$1,407,937**	**$1,407,937**	**$1,407,937**	**$1,407,937**	**$1,407,937**	**$1,407,937**	**$1,407,937**	**$1,407,937**	**$1,007,937**	**$1,007,937**	**$674,603**	**$724,603**	**$438,889**

Cash Flow																				
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Project	**Debt**	**Apr-16**	**May-16**	**Jun-16**	**Jul-16**	**Aug-16**	**Sep-16**	**Oct-16**	**Nov-16**	**Dec-16**	**Jan-17**	**Feb-17**	**Mar-17**	**Apr-17**	**May-17**	**Jun-17**	**Jul-17**	**Aug-17**	**Sep-17**	**Oct-17**
		34	35	36	37	38	39	40	41	42	43	44	45	46	47	48				
STANDARD 10 MONTH CONSTRUCTION	$5,000,000	50000	50000	50000																
STANDARD 12 MONTH CONSTRUCTION	$5,000,000	50000	50000	50000	50000	50000														
STANDARD 14 MONTH CONSTRUCTION	$5,000,000	Punchlist	FF & E	50000	50000	50000	50000	50000												
STANDARD 18 MONTH CONSTRUCTION	$5,000,000	222222.222	222222.222	222222.2222	Occupancy	Punchlist	FF & E	50000	50000	50000	50000	50000								
STANDARD 24 MONTH CONSTRUCTION	$5,000,000	166666.667	166666.667	166666.6667	166666.6667	166666.667	166666.667	166666.667	166666.667	166666.667	Occupancy	Punchlist	FF & E	50000	50000	50000	50000	50000		
Totals	**$25,000,000**	**$488,889**	**$488,889**	**$538,889**	**$266,667**	**$266,667**	**$216,667**	**$266,667**	**$216,667**	**$216,667**	**$50,000**	**$50,000**	**$0**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$0**	**$0**

Cash Flow																					
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Project	**Debt**	**Nov-17**	**Dec-17**	**Jan-18**	**Feb-18**	**Mar-18**	**Apr-18**	**May-18**	**Jun-18**	**Jul-18**	**Aug-18**	**Sep-18**	**Oct-18**	**Nov-18**	**Dec-18**	**Jan-19**	**Feb-19**	**Mar-19**	**Apr-19**	**May-19**	**Jun-19**
STANDARD 10 MONTH CONSTRUCTION	$5,000,000																				
STANDARD 12 MONTH CONSTRUCTION	$5,000,000																				
STANDARD 14 MONTH CONSTRUCTION	$5,000,000																				
STANDARD 18 MONTH CONSTRUCTION	$5,000,000																				
STANDARD 24 MONTH CONSTRUCTION	$5,000,000																				
Totals	**$25,000,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

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Project	**Debt**	**Jul-19**	**Aug-19**	**Sep-19**	**Oct-19**	**Nov-19**	**Dec-19**	**Jan-20**	**Feb-20**	**Mar-20**	**Apr-20**	**May-20**	**Jun-20**	**Jul-20**	**Aug-20**	**Sep-20**	**Oct-20**	**Nov-20**	**Dec-20**	**Jan-21**	**Feb-21**
STANDARD 10 MONTH CONSTRUCTION	$5,000,000																				
STANDARD 12 MONTH CONSTRUCTION	$5,000,000																				
STANDARD 14 MONTH CONSTRUCTION	$5,000,000																				
STANDARD 18 MONTH CONSTRUCTION	$5,000,000																				
STANDARD 24 MONTH CONSTRUCTION	$5,000,000																				
Totals	**$25,000,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Cash Flow																					
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Project	**Debt**	**Mar-21**	**Apr-21**	**May-21**	**Jun-21**	**Jul-21**	**Aug-21**	**Sep-21**	**Oct-21**	**Nov-21**	**Dec-21**	**Jan-22**	**Feb-22**	**Mar-22**	**Apr-22**	**May-22**	**Jun-22**	**Jul-22**	**Aug-22**	**Sep-22**	**Oct-22**
STANDARD 10 MONTH CONSTRUCTION	$5,000,000																				
STANDARD 12 MONTH CONSTRUCTION	$5,000,000																				
STANDARD 14 MONTH CONSTRUCTION	$5,000,000																				
STANDARD 18 MONTH CONSTRUCTION	$5,000,000																				
STANDARD 24 MONTH CONSTRUCTION	$5,000,000																				
Totals	**$25,000,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Cash Flow																						
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Project	**Debt**	**Nov-22**	**Dec-22**	**Jan-23**	**Feb-23**	**Mar-23**	**Apr-23**	**May-23**	**Jun-23**	**Jul-23**	**Aug-23**	**Sep-23**	**Oct-23**	**Nov-23**	**Dec-23**	**Jan-24**	**Feb-24**	**Mar-24**	**Apr-24**	**May-24**	**Jun-24**	**Jul-24**
STANDARD 10 MONTH CONSTRUCTION	$5,000,000																					
STANDARD 12 MONTH CONSTRUCTION	$5,000,000																					
STANDARD 14 MONTH CONSTRUCTION	$5,000,000																					
STANDARD 18 MONTH CONSTRUCTION	$5,000,000																					
STANDARD 24 MONTH CONSTRUCTION	$5,000,000																					
Totals	**$25,000,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Cash Flow																									
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Project	**Debt**	**Aug-24**	**Sep-24**	**Oct-24**	**Nov-24**	**Dec-24**	**Jan-25**	**Feb-25**	**Mar-25**	**Apr-25**	**May-25**	**Jun-25**	**Jul-25**	**Aug-25**	**Sep-25**	**Oct-25**	**Nov-25**	**Dec-25**	**Jan-26**	**Feb-26**	**Mar-26**	**Apr-26**	**May-26**	**Jun-26**	**Jul-26**
STANDARD 10 MONTH CONSTRUCTION	$5,000,000																								
STANDARD 12 MONTH CONSTRUCTION	$5,000,000																								
STANDARD 14 MONTH CONSTRUCTION	$5,000,000																								
STANDARD 18 MONTH CONSTRUCTION	$5,000,000																								
STANDARD 24 MONTH CONSTRUCTION	$5,000,000																								
Totals	**$25,000,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Cash Flow																
Project	**Debt**	**Aug-26**	**Sep-26**	**Oct-26**	**Nov-26**	**Dec-26**	**Jan-27**	**Feb-27**	**Mar-27**	**Apr-27**	**May-27**	**Jun-27**	**Jul-27**	**Aug-27**	**Sep-27**	**Oct-27**
STANDARD 10 MONTH CONSTRUCTION	$5,000,000															
STANDARD 12 MONTH CONSTRUCTION	$5,000,000															
STANDARD 14 MONTH CONSTRUCTION	$5,000,000															
STANDARD 18 MONTH CONSTRUCTION	$5,000,000															
STANDARD 24 MONTH CONSTRUCTION	$5,000,000															
Totals	**$25,000,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

6.A.

Jurisdiction and Agency Coordinating Committee
Northern Virginia Transportation Authority

MEMORANDUM

TO: Christopher Zimmerman, Chairman
Northern Virginia Transportation Authority

Members
Northern Virginia Transportation Authority

FROM: Tom Biesiadny, Chairman
Jurisdiction and Agency Coordinating Committee
Northern Virginia Transportation Authority

SUBJECT: Approval of NVTA Debt Policy (Agenda Item 6.A.)

DATE: January 7, 2008

Recommendation

Members of the Financial Working Group recommend that NVTA approve the debt policy included as Attachment I.

Background

Following NVTA's July 12, 2007, action approving the issuance of $102 million in bonds, members of the Financial Working Group (FWG) have been working with NVTA's financial advisor, PFM, to develop a debt policy for NVTA.

This policy and a presentation to be made at the January 10, 2007, NVTA meeting are attached. The recommended policies are specifically designed to achieve an investment grade rating on the Authority's bonds. Accordingly, the Board should be aware of the following key recommendations:

- The recommended minimum revenue to debt service coverage ratio is 1.5 times debt service. This factor is believed to be the minimum necessary to achieve an investment grade rating from a start-up credit and will result in a bond capacity of approximately $814 million. Excess revenues not used for debt service would be available for annual pay-as-you-go capital expenditures totaling approximately $867 million over the next 25 years. The resulting total available for construction would be over $1.6 billion.

- The FWG recommends that for planning purposes that the annual contribution amounts of $50 million and $25 million for WMATA and VRE respectively, be made before calculating the revenue available for debt service. It is important to note that those revenues will still be pledged to pay debt service before all other uses in the event collected revenues should fall well below projections. However, the effect of the FWG recommendation is to simply not plan to use those amounts when calculating available debt capacity.

- Included are recommendations for various capital and operating reserves in addition to those required by the bond indenture in order to provide additional levels of available capital for operating expenses and debt service in the event of severe revenue shortfalls.

The Financial Working Group believes that these policies will provide the basis for maintaining the Authority's capital assets for present and future needs and promote the sound fiscal management that will be vital to ensuring a high quality credit rating.

Members of the Financial Working Group will be available at the January 10, 2008, NVTA meeting to answer questions.

Cc: Members, NVTA Jurisdiction and Agency Committee
Members, NVTA Working Groups
Members, Council of Counsels
John Mason, Executive Director

Northern Virginia Transportation Authority
Debt Policies
Draft: January 7, 2008

These debt policies are adopted to implement the debt program of the Northern Virginia Transportation Authority (the "Authority") as authorized by Section 15.2-4839 of the Code of Virginia. The purpose of the Authority Debt Management Program will be to support the construction program of the Authority while achieving the lowest cost of capital. In order to accomplish this goal it will be necessary to adopt policies and procedures that ensure the highest credit quality, assure access to capital markets and preserve financial flexibility.

The Authority desires to achieve an investment grade rating on its senior and subordinate lien debt obligations. Therefore, the Authority shall implement policies and procedures for managing debt including overarching policies for maintaining a high quality debt program and detailed guidelines for debt issuance. The policy will guide decisions on all debt issued by the Authority and also assist the Authority in realizing debt service savings and efficiencies. Specifically, the policies will assist in the following objectives:

- Achieve and maintain an investment grade rating from one or more of the nationally recognized municipal bond credit rating firms for all senior and subordinate lien revenue debt;
- Guide the Authority and its managers in policy and debt issuance decisions;
- Maintain appropriate capital assets for present and future needs;
- Promote sound financial management;
- Ensure legal use of the Authority's debt issuance authority;
- Promote cooperation and coordination with other stakeholders in the financing and delivery of transportation services and infrastructure; and
- Evaluate debt issuance options

I. <u>Application of Revenues</u>

A. <u>Code of Virginia</u> – The Code of Virginia, Section 15.2-4838.1 clearly authorizes the use of revenues of the Northern Virginia Transportation Authority as follows:
   1. Solely for transportation purposes benefiting those counties and cities embraced by the Authority.
   2. Forty percent (the "40 Percent Share") shall be distributed to the localities on a pro rata basis (as further defined by the NVTA Act.)
   3. The remaining sixty percent (the "Pledged Revenues") will be distributed as follows:
      a. First to pay debt service owing on any bonds issued by the Authority
      b. The next $50 million each fiscal year to the Washington Metropolitan Area Transit Authority (WMATA);
      c. The next $25 million to the Virginia Railway Express (VRE)

B. Master Indenture of Trust – The Master Indenture of Trust approved on July 12, 2007 further specifies that all revenues are deposited to a Revenue Fund in accordance with subdivision 12 of Section 15.2 – 4840 of the NVTA Act and are distributed as follows:

1. To the Operating Fund in an amount sufficient to fund the next 30 days of operations;
2. To each locality its pro rata portion of the 40 Percent Share;
3. Requires distribution of the Pledged Revenues as follows:
    a. amounts sufficient to fund all senior debt service requirements
    b. amounts sufficient to fund all debt service reserve requirements (if due)
    c. amounts sufficient to fund all rebate fund requirements (if due)
    d. amounts sufficient to fund subordinate debt service fund requirements (if due)
4. Once all debt service requirements are met, the remaining revenues are deposited to the NVTA General Fund available for distribution to WMATA and VRE as noted above and then for any other lawful purpose of the Authority.

II. Debt Management Planning

A. Debt Affordability Criteria (Debt Capacity)

1. Debt Capacity – For planning purposes Debt Capacity for the issuance of new debt shall be calculated as a function of the projected annual Pledged Revenues less the $50 million to be set aside for WMATA, less the $25 million to be set aside for VRE.
    a. It should be stressed, however, that in accordance with the concept of Pledged Revenues and the order of precedence defined in the Code of Virginia, debt service payments shall have precedence over all other obligations of the Authority.
    b. Nothing in these policies shall prevent the Authority Board from making an exception, if necessary for the greater benefit of the member jurisdictions, and directing the utilization of all available pledged revenues for purposes of issuing new debt.
    c. Debt Capacity shall be projected forward a sufficient time to support the cash flow requirements of the Authority's adopted long range capital plan together with funds identified for pay-as-you-go construction.
2. Debt service coverage requirements
    a. For senior lien debt: Total annual Pledged Revenues less the set aside for WMATA and VRE will reflect a minimum coverage equal to or greater than [1.5] times annual debt service for senior lien debt, or the minimum necessary, in the opinion of the credit rating services, to achieve and investment grade rating.
    b. For subordinate lien debt: Total annual Pledged Revenues less the set aside for WMATA and VRE and debt service on senior lien debt will reflect a minimum coverage [1.0] times annual debt service for subordinate debt.

3. Treatment of Local Revenues –
    a. Required Transfers - Authority revenues earmarked for transfer to the member localities, the 40 percent share, and those earmarked for transfer to WMATA and the VRE, will not be included in the debt capacity calculation or calculation of coverage requirements.
    b. Retained Local Funds – The revenue retained by the Authority as a result of the distribution pursuant to Section 58.1-3221.2 and Article 8 of Chapter 22 of the NVTA Act (the so-called Commercial Tax) will be included as part of the 60 percent share for purposes of calculating debt capacity.
4. "Pay go" set aside - Pledged 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 below over a reasonable period of time as determined by the Authority.
5. Reserve and liquidity levels
    a. Debt Service Reserve Fund – Each debt issue with a term in excess of 10 years shall include a Debt Service Reserve Fund funded from bond proceeds or the NVTA General Fund as determined by the Authority. This requirement may be waived in Supplemental Bond Indentures if economically advantageous and if there will be no negative impact to the then existing credit rating on any of the Authority's outstanding bonds.
    b. Revenue Stabilization Reserve Account - The Authority will maintain a Revenue Stabilization Reserve Account in the General Fund in an amount determined by the Authority to reasonably ensure the availability of sufficient funds to meet recurring obligations for the then current year, in addition to other reserves that may be established, in the event of unanticipated decreases to annual revenues.
    c. Capital Reserve – The Authority will maintain a capital reserve account in its General Fund equal to at least [3] percent of annual revenues in addition to other reserves that may be established to be used for unbudgeted expenditures of an emergency nature that may be incurred during the execution of the capital construction program.
    d. Operating Reserve – The Authority will maintain an operating reserve account in the General Fund for normal operating expenses sufficient to fund to at least [12] months of operating expenses.
    e. Liquidity Requirements – The Authority will establish cash management policies that provide for maintenance of sufficient cash on hand to meet daily operating, capital and debt service requirements in conformance with the expected schedule and actual receipt of revenues from all sources.

B. Bond Structure

1. Term of Bonds. 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 (less than 10 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's outstanding debt portfolio to reduce the average life of the Authority's bonds.
b. Terms of the bonds for major construction projects shall not exceed 30 years, however, the Authority may consider longer terms up to 40 years if determined to be in the best interests of the Authority.
c. Under no circumstances shall a bond term exceed 40 years.
d. The Authority 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.

2. Capitalized Interest: The Authority intends to pay interest on all debt obligations when due from current revenues unless the capitalization of interest shall be determined to be in the best economic interests of the Authority for any project specific financing. If used, the amount of capitalized interest shall not exceed that which is necessary to complete the construction period.
3. Debt Service repayment structure: It is the preference of the Authority 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 credit rating, and (iii) to execute the capital program in the most cost effective manner. The Authority may choose to structure debt repayment so as to wraparound existing obligations or to achieve other financial planning goals.
4. Call provisions: shall be determined by the market conditions at the time of issuance on advice of the Financial Advisor. The Authority 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. NVTA expects to issue revenue bonds, either on a senior lien or subordinate basis, as its primary form of debt. The debt capacity of the Authority to issue revenue bonds shall be governed by the policies noted above.
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 be issued if appropriate to the purpose for which the debt is issued, but in no case shall lease purchase debt be issued for longer than 90% of the economic life of the asset.
   a. Lease purchase debt is expected to be used primarily to support major vehicle purchases in support of regional mass transit programs to acquire major equipment such as buses and rail cars. Lease purchase debt issued for major equipment acquisitions or real estate acquisition will be treated for planning purposes at par with Authority Revenue Bonds.
   b. Lease purchase may be used to support daily operations with office equipment such as furniture, copiers and computing equipment, software and peripherals. Lease payments for minor equipment may be considered operating expenses for the purposes of planning for Authority debt capacity, but the aggregate of such payments shall not exceed 10 percent of the Authority annual operating budget.

3. Variable rate debt (short or long term) may be issued to achieve a lower cost of capital, improve cash flow efficiencies or manage risk and in no case shall variable rate debt exceed 10% of the total debt of the NVTA.
4. State Pool/Conduit Issues are permitted supported by available Pledged Revenues if cost effective (e.g., sales through VRA). Such debt may be senior or junior lien as negotiated with the issuing authority with such coverage requirements as determined by the issuing agency.
5. Derivative structures. The Authority shall not make use of derivative structures (swaps, hedges, etc.) for at least five years after adoption of these policies. Such structures shall not be used thereafter unless the Board shall adopt specific policies in this regard.
6. Unrated Debt. The Authority may issue unrated debt if necessary, but only of a short term or interim debt. Any equipment backed lease may be unrated.

D. Refinancing outstanding debt

1. Minimum Savings Threshold. The Authority establishes a minimum present value savings threshold of 3 percent of the refunded bond principal amount and not less than $1 million net present value savings. The present value savings will be net of all costs related to the refinancing.
2. Restructuring. The Authority may refund to restructure debt when it is in the best financial interest of the Authority 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 or remove unduly restrictive bond covenants.
3. Term of refunding issues. The Authority will normally refund bonds within the original term of the refunded debt. However, the Authority 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 AAA credit rating when cost effective.
2. Letters of credit: Letters of Credit may be obtained when cost effective.
3. Commercial paper: The Authority may establish a commercial paper program if economically advantageous to manage the Authority's cash flow, improve efficiency or reduce negative arbitrage. The Authority may create its own program or use a pool legally available to it within the Commonwealth (such as the VML/VACO program).

F. Additional Bonds

1. NVTA anticipates at least annual and probably more frequent bond sales.
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 6 years.

G. Annual Capital Financial Plan

1. Revenue estimates and the CIP shall be completed by the end of [September] each year, and submitted to the Board immediately; the Board shall complete its review, hold any public hearings, and finish its deliberations on, and make final approval of its annual and 5 year budget not later than [December] 1 each year.

III. Debt Management Administration

A. Selection of Advisors and Other Providers

1. Financial Advisor. The Authority 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 that the Authority may establish under such terms and compensation as the Authority may determine.
2. Bond Counsel. The Authority 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 may establish under such terms and compensation as the Authority may determine.
3. Other Services. The Authority may obtain the services of other financial and legal advisors as necessary to implement its debt program under such terms and conditions as may determined by the Authority on advice of the Financial Advisor and Bond Counsel. Such services may include, but are not limited to, trustees and fiscal agents, specialized financial analytical services, special tax or disclosure counsel, rebate and arbitrage compliance audits and other services that may be necessary.
4. Other Jurisdiction Contracts. The Authority 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.

B. Methods of Issuance

1. Competitive Sales. NVTA shall issue debt on a competitive basis whenever practical.
2. Negotiated sales may be utilized if economically advantageous, especially for the first few series of bond issues until the Authority has gained sufficient market acceptance and recognition as a regular issuer.
3. Private Placement is generally discouraged but may be approved by the Board on a case by case basis for reasons the Board finds compelling.

C. Underwriter selection (if negotiated sale)

1. NVTA will always use a formal, competitive, open selection process to choose an underwriter.
2. The 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 or for a period of 1 year after the Financial Advisor contract is terminated.

3. No underwriter selected as senior manager may assist with, or be involved in, any part of the selection process established for selecting any co-managers.
4. The period in which an underwriter can be used may exceed more than one financing and more than one year; the period of use to be established at the time of the initial underwriter selection and specifically approved by the Authority.
5. NVTA may competitively select a small pool of underwriters (3-5) who may be used to underwrite bond sales over a 2-3 year period.
6. Underwriter selection shall be conducted in accordance with applicable procurement statutes and procedures established by the Authority. A selection advisory committee shall include the Chief Financial Officer and other members appointed by the Chief Executive Officer, including at least [3] knowledgeable staff from member jurisdictions. The CEO shall make every effort to ensure that each member jurisdiction is given the opportunity to participate in an underwriter selection once every [3] years.

E. Public Notices and Hearings

1. Public Notices shall be issued prior to Board approval in conformance with the Virginia Code. In addition notice should be placed in each jurisdiction's local newspaper if such local paper exists; the number of notices and timing shall conform with code requirements.
2. Public Hearings are not required by the Code of Virginia, however, the Board may choose to hold public hearings on any aspect of the Capital Financial Plan from time to time at its discretion. In addition, individual public hearings may be held in the local jurisdictions at the discretion and direction of the local member jurisdiction's governing body.

IV. NVTA Role as a Conduit Issuer

A. NVTA may act as a conduit issuer for any member locality utilizing a separate Trust Indenture specifically for the member's issuances. Member localities may agree to a Master Indenture with allowance for Supplemental Indentures specifically for the conduct of its initial and subsequent issues.

B. Debt Service for any NVTA conduit debt issued for individual member localities may be paid directly to the NVTA trustee for the issue from the member locality's 40 Percent Share of NVTA revenues. Localities may pledge other revenues as needed. The aggregate of all revenues pledged must meet a minimum coverage ratio of 1:1.

C. Localities may agree to a joint issue for projects that benefit more than one locality, however, such joint ventures shall at a minimum clearly establish jurisdictional shares and responsibility for debt service payments.

D. Any debt issued by NVTA directly for the benefit of an individual member locality must not have any impact on the NVTA's credit rating, debt capacity/affordability or marketing of other NVTA debt.

E. There cannot be any fiscal or operational impact on any of the other member localities. The NVTA and its other member localities shall be protected in the event of default or non-appropriation by the issuing member.

F. All costs of issuance will be borne entirely by the member locality in a manner of their choosing, which may included capitalization of such costs. NVTA may charge a fee for its services in addition to normal costs of issuance.

V. Debt Management Monitoring

A. Post Issuance Procedures. The Authority will establish appropriate accounting and reporting procedures to ensure the timely payment of debt service, the satisfaction of all debt service coverage requirements and financial covenants and compliance with applicable federal tax and securities laws.

B. Arbitrage rebate compliance. The Authority will sell the minimum amount necessary to meet construction requirements consistent with Federal arbitrage restrictions and comply with all necessary reporting requirements. The Authority will 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 designated by the Authority.

6.E.

Jurisdiction and Agency Coordinating Committee
Northern Virginia Transportation Authority

MEMORANDUM

TO: Christopher Zimmerman, Chairman
Northern Virginia Transportation Authority

Members
Northern Virginia Transportation Authority

FROM: Tom Biesiadny, Chairman
Jurisdiction and Agency Coordinating Committee
Northern Virginia Transportation Authority

SUBJECT: Approved NVTA Interim Procurement Policy (Agenda Item 6.E.)

DATE: January 7, 2008

Recommendation

NVTA's Executive Director – Elect recommends approval of an Interim Procurement Policy for NVTA as outlined in Attachment I.

Background

With the hiring an executive director, NVTA is beginning to transition from a primarily planning and coordinating agency using the support of local jurisdictions and transportation agencies to a revenue collection and project financing agency with a modest staff. These changes will also change the way NVTA procures the products and services it needs to operate. Since 2002, NVTA's financial needs have been met by in-kind staffing services and supplies provided by the local jurisdiction and transportation agencies, staffing services and supplies provided by the Northern Virginia Regional Commission and a $50,000 planning grant provided by the Virginia Department of Transportation during the last two years. Procurement issues were addressed by the jurisdiction or agency providing projects or services on NVTA's behalf.

NVTA's Executive Director will be responsible for developing a number of policies for NVTA including a procurement policy; however, a modest procurement policy must be in place to address NVTA's short term needs until a comprehensive procurement policy can be developed and approved by NVTA.

NVTA's Executive Director – Elect has prepared the attached Interim Procurement Policy to address NVTA's short-term needs.

The proposed interim policy is consistent with the Virginia Procurement Act, which provides for purchases of less than $30,000 without competitive bidding if the "public body" establishes procedures in writing. The attached guidelines are modeled on NVTC's procedures. Purchasing threshold is below that of PRTC.

This Interim Procurement Policy has been reviewed by the Council of Counsels and its changes and suggestions have been incorporated with one exception related to the whether or not either the Chairman and Vice Chairman should sign a document or whether both should sign it.

Executive Director – Elect Mason, and the Council of Counsels will be available at the January 10, 2008, NVTA meeting to answer questions.

Cc: Members, NVTA Jurisdiction and Agency Committee
Members, NVTA Working Groups
Members, Council of Counsels
John Mason, Executive Director

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

RESOLUTION XX-08

ESTABLISHING GUIDELINES FOR EXECUTIVE DIRECTOR'S INITIAL FINANCIAL AND PROCUREMENT AUTHORITY

WHEREAS, upon hiring an executive director, the Northern Virginia Transportation Authority looks forward to transitioning financial and procurement responsibilities from the existing temporary support being provided by participating jurisdictions to permanent Authority staff; and

WHEREAS, it is recognized that transition measures are necessary until a formal staffing plan is approved and the Authority's permanent staff is acquired, and written financial and procurement procedures are adopted; and

WHEREAS, associated with the aforesaid transition, it is necessary to provide the executive director with authority to initiate the below prescribed financial and procurement functions; and

WHEREAS, it is understood that the purpose of this policy is to provide initial authority to the executive director and that a formal staffing plan and more detailed financial and procurement policies will subsequently be submitted to the Authority for its approval.

NOW, THEREFORE, BE IT RESOLVED BY THE NVTA THAT:

1. Upon being appointed, the executive director shall assume lead responsibility for initiating financial and procurement actions for the Authority consistent with applicable authorization by the Authority, the availability of budgeted funds for the purpose, and the Virginia Public Procurement Act and all applicable laws.
2. All procurements shall be conducted in accordance with the requirements of the Virginia Public Procurement Act. Subject to, and as provided for by those requirements, the following shall apply to single and term contracts for goods and services other than professional services not expected to exceed $50,000:
    a. Small purchases:
        1) Up to $5,000 – one written quote or documented verbal quote
        2) $5,000 - $15,000 – solicitation of a minimum of three qualified sources (verbally and documented or in writing)
        3) $15,000 -- $30,000 – written solicitation of a minimum of four qualified sources.

       Purchases consistent with above guidelines <u>and</u> within approved budget parameters may be approved by the executive director.
    b. Procurements anticipated to cost more than $30,000 shall be conducted in accordance with applicable requirements of the Virginia Public Procurement Act, and prior approval of the Authority is required.
3. Until financial management policies have been adopted, the following procedures shall apply:
    a. The existing financial management procedures shall remain in place, with the exception of process for small purchases and the authorization to sign checks.

b. Upon appointment of an executive director, he shall be authorized to sign checks up to $5,000; checks exceeding that amount must be counter-signed by the chairman or the vice chairman. In all cases, expenditures shall be consistent with approved budget or a separate approval by Authority.
c. Specific prior approval of the Authority is needed for any expenditure that exceeds $30,000.
d. In all cases, appropriate documentation will be established and maintained.

Adopted by the Northern Virginia Transportation Authority on this 10th day of January, 2008.

BY _________________________

Chairman

ATTEST: ____________________

Vice Chairman

8.A.

Jurisdiction and Agency Coordinating Committee
Northern Virginia Transportation Authority

MEMORANDUM

TO: Christopher Zimmerman, Chairman
Northern Virginia Transportation Authority

Members
Northern Virginia Transportation Authority

FROM: Tom Biesiadny, Chairman
Jurisdiction and Agency Coordinating Committee
Northern Virginia Transportation Authority

SUBJECT: Job Descriptions for NVTA Chief Financial Officer and Administrative Assistant (Agenda Item 8.A.)

DATE: January 7, 2008

The next NVTA staff members to be recruited are a Chief Financial Officer (CFO) and an Administrative Assistant (AA). NVTA's Executive Director – Elect John Mason has reviewed the Chief Financial Officer job description approved by the NVTA on December 6, 2007. He has reformatted it to group the functions of the position into logical categories. This job description will be reviewed with the local human resources professionals prior to posting.

In addition, Executive Director – Elect Mason has prepared a job description for an Administrative Assistant.

Both job descriptions are attached for the Authority's information. Both positions are included in the Estimate of Start-up Costs approved by the NVTA on July 12, 2007.

Executive Director – Elect Mason, Jurisdiction and Agency Coordinating Committee members, Financial Working Group members, and I will be available at the January 10, 2008, NVTA meeting to answer questions.

Cc: Members, NVTA Jurisdiction and Agency Committee
Members, NVTA Working Groups
Members, NVTA Council of Counsels
John Mason, Executive Director

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

POSITION TITLE: Chief Financial Officer

REPORTS TO: Executive Director

BACKGROUND:

The Northern Virginia Transportation Authority (NVTA) is a regional transportation authority established by the General Assembly in 2002. In 2007, the General Assembly passed legislation authorizing that certain taxes and fees may be levied in Northern Virginia jurisdictions[1] for the funding of transportation improvements in the heavily congested region of Northern Virginia. Once fully implemented, the Authority will be responsible for allocating more than $300 million in revenue per year.

At least for the first two years, it is envisioned that the Authority will have a small office staff, consisting of an executive director, a chief financial officer, a transportation planner (planning, programming and oversight of jurisdictional implementation), an accountant and an administrative assistant who will also serve as executive assistant to the executive director and office manager.

A key member of the Authority's management team, the chief financial officer (CFO) is responsible for organizing, managing and reporting all the Authority's financial activities, overseeing the day-today operations of its financial activities, coordinating financial activities with member jurisdictions and outside agencies, and providing complex and reliable financial data and administrative support to the executive director and the members of the Authority.

SPECIFIC RESPONSIBILITIES:

a. Development, management and oversight of Authority budget

b. Management of Authority's revenue stream, accounts receivable and accounts payable

c. Oversight of Authority's programming of funds

d. Development and management of Authority's investment program

e. Development and management of Authority's bond/debt program

f. Oversight of Authority's retirement system

g. Responsibility for Authority compliance with generally accepted accounting principles

h. Coordination of auditing requirements

i. Drafting of financial policies and procedures

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1 Northern Virginia jurisdictions are the counties of Arlington, Fairfax, Loudoun and Prince William; and the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park.

j. Staff liaison to Authority Financial Committee.

PREFERRED CHARACTERISTICS:

- Self-starter comfortable working with considerable responsibility with minimal supervision
- Professional demeanor that "presents well" to public officials (elected and appointed)
- Accustomed to working with multiple agencies and engendering a cooperative relationship
- Ability to brief and speak to elected and appointed officials and the general public in an easily understood manner
- Ability to prepare briefings, charts and information papers readily understood by the general public**.**

QUALIFICATIONS:

- Master's degree preferred in business administration, public policy, finance, or a related field with at least five (5) years of progressively responsible, directly related experience (see below). Alternatively, a bachelor's degree with a combination of education and experience equivalent to a master's degree. CPA and Government Finance Officer (CFOA) certifications are helpful, but not required.
- Demonstrated knowledge/experience:
    - ✓ of the principles and practices related to public financial systems
    - ✓ of state and federal laws, rules and regulations and practices concerning the financing of transportation projects
    - ✓ managing multiple taxes and fees collected from a variety of sources, including a combination of governmental entities and private sources
    - ✓ of budget development and execution in the public sector
    - ✓ in planning and executing a sophisticated debt management program, including the planning, execution and monitoring of a substantial debt portfolio
    - ✓ in evaluating the effectiveness and efficiency of various financial management applications and alternative systems
    - ✓ in supervising and motivating a small staff.
- Knowledge of
    - ✓ financial planning
    - ✓ financial analysis
    - ✓ financial forecasting/projecting
    - ✓ complex project financing structures
    - ✓ cost accounting principles and automated accounting environments related to finance and accounting
    - ✓ state and federal laws regulating treasury, cash, investment debt and banking management
    - ✓ federal and state laws with respect to monetary investment
    - ✓ state defined local budget laws and requirements
    - ✓ annual audit and financial reporting requirements
    - ✓ relevant software.

- Ability to
    - ✓ define goals and develop plans/mechanisms to achieve them
    - ✓ establish and maintain effective working relationships with peers and colleagues

- ✓ exercise effective time management, balance multiple priorities and consistently meet time lines and due date**s.**
- ✓ develop, implement and monitor internal controls
- ✓ use and apply relevant software programs.

WORK ENVIRONMENT:

Work will typically be performed in a quiet, office environment. Support to Authority (and potentially, committee) meetings will be in a public meeting environment that may be crowded and sometimes noisy.