

NVTA Financial Working Group Meeting - November 19, 2013

Minutes from November 4, 2013, meeting were approved unanimously.

Discussion of Bond Validation -

Ellen Posner reviewed the status of the bond validation suit and process. The judge ruled in favor of NVTA. Notice of Appeal period passed without any appeals being filed. Delegate Marshall filed a late appeal. NVTA's bond counsel is working to resolve. There is no impediment to moving forward. T.W. Bruno from McGuire Woods stated the Treasury Board did not take up NVTA's request for an exemption from the Treasury Board's review of debt issuances. They indicated they would take it up when it was more in context with the actual bond issuance.

Legal Working Group Update-

Ellen Posner stated that the Group is discussing Memoranda of Agreements (MOAs) for the 30% funding - between NVTA and its constituent jurisdictions and the MOA between the jurisdictions and the Towns. Both MOA's should be taken to NVTA at the same time, with a recommendation from the Financial Working Group. December 12 is the target date to take the MOAs to NVTA.

Council of Counsels believes the MOA's will not be subject to further negotiation after adoption by NVTA. Questions and issues need to be raised between today and when the final packet is being prepared for the 12/12/2013 NVTA meeting.

MOA may be a misnomer for the agreements regarding the use of the 70% regional funds. These should actually be a version of a standard VDOT project agreement for the 70% funds between NVTA and the localities.

Preparation for the Sale of Bonds -

JoAnne Carter (PFM) stated the following has to happen prior to bond sale:

1. Agreements in place
 2. Input on project cash flows
 3. NVTA issuing from scratch - all new documents need to be created
 4. Letter from Treasury Board is important. Without letter, PFM needs to attend Treasury Board Meeting (likely 12/18/2013) for their consideration
 5. Debt policy needs to go to NVTA Board Meeting on 12/12/2013 before going out to the Bond Market
- There is no formal schedule yet for the bond issuance.

PFM has not heard from Credit Rating agencies regarding how the debt is being viewed.

Project Agreements between NVTA and Implementing Agencies –

Mr. Longhi sought clarification regarding:

1. Reporting periods
2. If any jurisdictions were going to ask to be billed for their administrative fees, rather than having them taking off the top of the 30% funding they will be receiving.
3. Audit process- can an outside firm be used for the annual audit?
4. Projects for 30% funds are selected by the Towns, but the funding is allocated by the County.
5. Timeframe needs to be set to force a resolution to failure to comply with MOA terms.
6. Misuse of 30% funds by a jurisdiction, the reimbursement of the misused funds then get applied to the 70% distribution of funds on regional projects.
7. If a jurisdiction has not set aside the equivalency of the C&I Tax, then the amount of money they receive is proportional to the amount of funding they set aside for transportation projects. Use the language in the Code stated in the MOA (15.2-4838.1)

Loudoun states that the MOA's will be going to the County Board of Supervisors at their 12/4/2013 Business Meeting for consideration. There may be additional edits based on the Board's input.

MOA between Counties and Towns -

Mirrors format of the MOA between NVTA and Counties/Cities.

NVTA will not be a signatory to these agreements, but will approve the overall format and content of the agreements.

NVTA has overall responsibility to administer this Fund.

Town of Herndon states August 1 deadline is very early. However, if that date needs to be set, they will provide the necessary information.

Reports from the Towns would be due to the Counties from the Towns on July 20.

Is cost accrual based or actual cost based as of June 30? Since payments are based on reimbursements to Towns, it should be based on actual expenditures.

Towns will report on a cash basis, Counties report on accrual basis to the best of their ability.

Annual revenue estimates for 30% funding, as agreeable by both Counties and Towns.

Town of Herndon is against having Fairfax County charge an administrative fee for the 30% funds.

Funding from NVTA needs to be accounted for separately from all other funding sources, whether by fund, accounts, etc.

There is a mechanism to go to NVTA for questions regarding the use of funds to ensure funds are not misused.

A page summary of acceptable uses is being developed to help guide jurisdictions regarding the types of projects that would qualify for the use of NVTA funding.

If changes are requested after 12/5 they will not be included in advanced NVTA Board Meeting packet.

However, a blue sheet may be developed for the NVTA Board meeting to highlight the additional changes or edits being requested by jurisdictions.

MOA between NVTA and Implementing Agencies –

No discussion.

MOA between VDOT/DRPT and NVTA -

Starting to work through details of language regarding use of NVTA funding as a local match to State Revenue Sharing funding.

Department of Taxation takes out administrative fees from sales tax revenues. Needs to be addressed with the State.

Status of Project Cash Flow Information –

Two jurisdictions have not submitted their project cash flows yet.

There was general agreement that updates will be provided on a quarterly basis.

Revised Debt Policy -

No changes since last meeting.

Changes to the policy requested by Loudoun County staff were not reflected in the item distributed at this meeting.

Will be presented at the 12/12 NVTA Board Meeting

Prince William County asked a question regarding the sequence in which money is set aside, specifically regarding Debt Service reserve being set aside before the payment of some of the debt service for projects. - JoAnne Carter stated that the Debt Service reserve fund is a security of senior lien, which needs to be secured first. This is a standard flow for revenue funds.

Changes to Procurement Procedures -

Summary of changes made since last meeting is provided in the packet.

Will treat Procurement Card transactions as a payment method. P-Card will be deleted from Procedures.

The procedures will be taken to the NVTA meeting on 12/12/13 for consideration.

Additional Items for Discussion -

Status of Revenues - \$70 million collected. VDOT has had issues with allocation of Grantor's Tax.

Number of months for each revenue source needs to be stated clearly on the report, as they vary by revenue source. This will help jurisdictions better understand and project collections.

Items to Refer to Other Working Groups –

None

Items to go to the 12/12/2013 NVTA Board Meeting:

1. MOA between Counties and Towns
2. MOA between NVTA and Jurisdictions
3. Bond Related documents
4. Debt Policy
5. Procurement Policy

Project Implementation Group Update -

Jennifer Fioretti stated that a call for projects for un-allocated FY 2014 funds, as well as FY 2015 and FY 2016 projects has been made.

Next Meeting: Friday, December 6, 2013, 2:30 PM