

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Martin E. Nohe and Members
Northern Virginia Transportation Authority

FROM: Mayor Parrish, Chairman, Finance Committee

DATE: October 5, 2016

SUBJECT: Finance Committee Report of September 22, 2016 Meeting

1. **Purpose:** To provide a report of the monthly activities of the Northern Virginia Transportation Authority Finance Committee.
2. **Background:** The Finance Committee last met on September 22, 2016. The next meeting is scheduled for October 27, 2016 at 2:00PM. This is a revised date and time intended to avoid schedule conflicts with the Governor's Transportation Conference. The following summarizes the September 22nd meeting:
 - a. **Action Items**
 - i. **Transportation Projects Reserve – Advisory Panel Proposed Policy.**
 1. The Committee reviewed and discussed the Advisory Panel staff report, recommendations and draft policy.
 2. The Committee unanimously agreed to recommend Authority approval of the draft policy.
 - ii. **Contingency Reserve – Advisory Panel Recommendation**
 1. The Committee reviewed and discussed the Advisory Panel staff report and recommendation. The Advisory Panel recommended that a Contingency Reserve not be established.
 2. The Committee unanimously agreed to recommend Authority approval of the elimination of the Contingency Reserve.
 3. The elimination of the Contingency Reserve will result in \$8.6 million being available for the FY2018 Project Program.
 - iii. **Budget Adjustment – Exchange of Funding Source on FY2014 Projects**
 1. The Committee reviewed and discussed a staff report presenting funding budget adjustments for FY2014 projects.
 2. The purpose of the adjustments is to ensure compliance with Federal Tax Regulations requiring 85% of tax exempt bond proceeds be spent within three years of the issuance of the bonds.
 3. The proposed adjustments do not make any changes to Authority approved project descriptions or funding levels.

4. The Committee unanimously agreed to recommend Authority approval of the Budget Adjustment - Exchange of Funding Source on FY2014 Projects.

iv. Budget Adjustment – FY2017 Revenue and Working Capital Reserve

1. The Committee reviewed and discussed a staff report on proposed adjustments to the FY2017 Regional Revenue Budget.
2. The FY2016 final revenue results were \$21.4 million greater than estimate.
3. The greater than estimated revenues resulted in an additional \$6.5 million being distributed to member jurisdictions as 30% funds in FY2016.
4. The balance of the increased revenue (70%) resulted in an increase in the starting balance of the Regional Revenue Fund for FY2017 of \$14.9 million.
5. The increase in the Regional Revenue Fund for FY2017 results in the need to adjust the Working Capital Reserve by \$7.5 million.
6. The Committee unanimously agreed to recommend Authority approval of the Budget Adjustment - FY2017 Revenue and Working Capital Reserve.

v. Legislative Service Contract

1. The Authority approved and funded the acquisition of Legislative Services in the FY2017 Operating Budget.
2. The Committee reviewed and discussed a staff report presenting the procurement steps, proposal evaluation and resulting recommended selection of a firm to provide Legislative Services as presented in NVTA RFP 2017-01.
3. The Committee unanimously agreed to recommend Authority approval of the proposed Legislative Service Agreement subject to satisfactory conclusion of contract terms.

b. Discussion Items

i. Plan of Finance for FY2017 Program. The Committee received and discussed a staff report setting an initial timeline for the entering the bond market for the FY2017 Program. Significant discussion items were:

1. The FY2017 Program was approved by the Authority anticipating \$200 million in financed funds (bond proceeds).
2. Initial staff analysis indicates financing activity will not be required until the latter part of FY2018.
3. Interim financing strategies maybe deployed to:
 - a. Reduce overall costs
 - b. Increase project financing flexibility
 - c. Defer debt services expenses

4. The current Plan of Finance will eliminate FY2017 debt service obligations and defer or eliminate FY2018 debt service expenses of approximately \$14.7 million.
5. The Plan of Finance will be reviewed again once the FY2017 Project Program cash flows are received (approximately January 2017).

ii. Draft Project Advancement Policy

1. The Committee received and discussed the processes and draft policy the Authority may use to potentially remove appropriations from projects which are not advancing to completion.
2. The Committee provided comments and guidance on the proposals and instructed those items be included in the discussions with other committees and interested parties.

iii. Monthly Revenue Report. The Committee received a report on Authority revenues for FY2016 and total FY2016 30% transfers to member jurisdictions. This was the closeout report of revenues for FY2016.

iv. Monthly Operating Budget Report. The Committee received a report on the Authority FY2016 Operating Budget. This was the closeout report for FY2016.

v. Financial Activities Update. The Committee discussed major activities and initiatives with the Chief Financial Officer covering the following topics:

1. FY2016 Financial Statement Audit
2. Investment Program Implementation
3. Upcoming review of revenue estimates for FY2018 through FY2024.
4. Initial preparation of the FY2018 budgets.
5. Drafting a set of Financial Principles for future consideration of the Authority.