Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Thursday February 21, 2018 – 1:00 PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

AGENDA

I. Call to Order/Welcome — Mayor Parrish, Chairman

II. Summary Minutes of the:
- ***A.*** **September 20, 2018 Meeting**
- ***B.*** **October 18, 2018 Meeting**

Recommended Action: Approval [with abstentions from those who were not present]

Action Items

III. 2019 Finance Committee Meeting Schedule — Chairman Parrish
Recommended Action: Adopt 2019 Meeting Schedule

IV. Continuing Disclosure and Post Issuance (Policy 21) Update — Mr. Longhi, CFO
Recommended Action: Recommend Authority Approval of Policy Update.

V. Investment Policy (Policy 13) Change — Mr. Longhi, CFO
Recommended Action: Recommend Authority Approval of Policy Change.

Information/Discussion Items

VI. 2019 General Assembly Revenue and Budget Impacts (Verbal report as events require.) — Mr. Longhi, CFO

VII. FY2020 Budget Guidance — Mr. Longhi, CFO

VIII. Draft Policy 29 – Project Activation, Monitoring and De-Appropriation — Mr. Longhi, CFO

IX. Other Financial Matters (Verbal) — Mr. Longhi, CFO

X. Investment Portfolio Report — Mr. Stavros, Investment & Debt Manager

XI. Monthly Revenue Report — Mr. Longhi, CFO

XII. Operating Budget Report — Mr. Longhi, CFO

Adjournment

Next Meeting
March 21, 2019 – 1:00PM
3040 Williams Drive, Suite 200, Fairfax, Virginia

Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Thursday, September 20, 2018
1:00 PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

MEETING SUMMARY

I. Call to Order/Welcome — Mayor Rishell

- Mayor Rishell called the meeting to order at 1:09 PM.
- Attendees:
  - ✓ Members: Mayor Rishell; Mayor Parrish (arrived 1:29 PM) Chairman Bulova; Mayor Silberberg
  - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Richard Stavros (Investment & Debt Manager); Peggy Teal (Assistant Finance Officer); Yolanda Thomas-Jones (Clerk).
  - ✓ Council of Counsels: Ellen Posner (Fairfax County);
  - ✓ Other Attendees: Stephanie Pomeroy (Prince William Dept of Transportation); Mark Schofield (VRE); Joanna Easton (Prince William County Finance); Brad Norris (Prince William County Finance); Isabelle DeVooght (Prince William County Finance); Tarrence Moorer (City of Alexandria); JoAnne Carter (PFM); Noelle Dominguez (Fairfax County).

II. Summary Minutes of the June 6, 2018 Meeting

- Mayor Silberberg moved approval of the minutes of June 6, 2018; seconded by Chairman Bulova. Motion carried unanimously.

Presentation

III. Investment Monitoring, Strategy and Services

Mr. Stavros, Investment & Debt Manager

- Mr. Longhi introduced Mr. Stavros; the Authority's new Investment & Debt Manager, noting his educational and professional experience.
- Mr. Longhi addressed the commencement of FY2018 financial statement audit
  - ✓ Each year the auditors focused on certain areas and this year the focus was on the investment portfolio.
  - ✓ The auditors' inquiry surrounded the management and mitigation of risk in the Investment Portfolio considering the size of the portfolio.
  - ✓ Mr. Longhi assured the auditors that staff has recognized the need to add additional tools to assist in the management of the portfolio with specific concentration on the reduction of risk.

- ✓ Mr. Longhi shared Mr. Stavros' background is in portfolio analytics mainly in the private sector. Mr. Stavros has been testing different portfolio analytic services since his start in July 2018.

- Mr. Stavros facilitated a presentation to the Finance Committee on investment management tools to advance the Authority's Investment Policy primary objectives of:
  - ✓ Safety
  - ✓ Liquidity
  - ✓ Yield
- The presentation addressed the increasing size of the investment portfolio (approaching $1 billion) and the corresponding need to ensure suitable tools are available to monitor the securities for safety and liquidity priorities.
- In reference to Safety and Liquidity, Mr. Stavros stated analysis is a strength to any portfolio; insight and understanding of the investments allows for critical decisions that can enhance the opportunities or reduce the risks.
- Mr. Stavros mentioned his career highlights over the last ten years.
  - ✓ Portfolio analytics with the use of modeling have provided advanced insights in the market allowing investors to reposition institution portfolios thus avoiding losses and reducing risk.
- Mr. Longhi added the investment portfolio is growing faster than initially projected. After the first three months of FY2019, the portfolio has exceeded the cash level predicted for FY2019 based on project spend-outs; effectively making it a $1 billion portfolio. In addition, there are 70 different instruments in the portfolio. Mr. Longhi mentioned staff is looking at making investment placements within the next 30 to 60 days of $150 million in $5 to $20 million blocks thus increasing the number of securities requiring monitoring.
  - ✓ Mr. Longhi stated the service tools are needed to monitor the status of the securities in the portfolio.
  - ✓ As an example, he shared a possible scenario of one of security experiencing a credit downgrade from AAA to AA. The security would still be within the policy and may still be a fine investment, but it is important for staff to understand the reason behind the downgrade to understand future risk.
- Mr. Stavros followed with Yield, noting the best way to optimize a conservative portfolio is to buy instruments at an optimal price. He pointed out that if the Authority is in the market and can obtain an instrument at a good price, the yield is being optimized and therefore improving the portfolio with more funds going to transportation.
- Mr. Stavros is evaluating three top investment management platforms, noting each of their strengths and weaknesses:
  - ✓ S&P Capital IQ's strength is portfolio analytics including a library of financial data. The weakness is S&P does not offer trade or transaction analytics.
  - ✓ ICE's (Inter Continental Exchange) strength is transaction and price analysis. The weakness is ICE does not offer portfolio analytics or archival data.
  - ✓ Bloomberg's strength is trade/portfolio analytics. Bloomberg is not as robust as ICE on transaction analytics.
- Mr. Stavros mentioned the primary areas of research preceded the auditor's questions to staff about the need for real-time information.
  - ✓ S&P Capital IQ and Bloomberg have real-time updates.
  - ✓ The Public Institution Manager should always optimize the portfolio, getting the most that they can from public funds and returns.

- ✓ S&P Capital IQ and Bloomberg systems will alert for different opportunities.
- ✓ ICE gives a level of price transparency that is optimal and unprecedented. This tool can save the NVTA between $120,000 and $140,000 just by knowing where to buy and sell. Mr. Longhi noted the estimate $120,000 to $140,000 is conservative due to the portfolio growing in size.
- ✓ Mr. Longhi added, as a data point, portfolio responsibilities in Arlington County- noting that the County brought in one of these systems and about half of the 12 brokers stopped doing business with the County because they did not what to compete at the more aggressive price points.
- ✓ Mayor Silberberg asked what happens to a broker at that point. Do you just stop doing business with them? Mr. Longhi replied that is correct, they stop getting transactions.
- ✓ Mr. Stavros highlighted that with Bloomberg and S&P Capital IQ can customize models in ways you can't do with other platforms, detailing numerous transaction benefits provided by the services.
- ✓ Mr. Longhi mentioned the investment philosophy is safety, liquidity then yield and that the services support the NVTA Five Year Strategic Plan related to excellent stewardship of taxpayer dollars.
- ✓ All three services are subscription based and can be cancelled with a reduction in portfolio size.
- ✓ Mr. Longhi mentioned he estimated a minimum range for the portfolio would be $460 million.
- ✓ Mr. Longhi noted NVTA will talk with other jurisdictions and the Authority will be hosting a regional meeting of investment managers in late October to exchange strategies and ideas.

- Chairman Bulova inquired if expediting drawdowns is how the NVTA gets to the $460 million dollar range for the portfolio. Mr. Longhi affirmed that was correct.
- Chairman Bulova asked how the Authority's financial advisor fit into making portfolio decisions. Mr. Longhi responded, the relationship with PFM is focused on debt issuance not investment management.
- Chairman Bulova inquired about the cost associated with this service. Mr. Longhi, responded that the cost is $20,000 and $65,000.
- Chairman Bulova asked would the costs be included in FY2019 Operating Budget. Mr. Longhi responded that it could potentially be included in the FY2019 Operating Budget through a transfer from the operating reserve.
- Mr. Longhi noted he was expecting a recommendation from the auditors, to make sure we have the tools to manage the portfolio.
- Mr. Longhi noted that when the auditors asked what the plans were to strengthen the oversight of the portfolio holdings, we were able to point to the analysis already started by Mr. Stavros, through the trial subscriptions.
- Mayor Silberberg mentioned if more money could be put into the system, to produce greater earnings, it can later be drawn down to have more multimodal transportation purposes.
- Ms. Backmon noted that NVTA pays project expenses on a reimbursement basis. When the Authority adopts a funding program and the SPA's are executed, the NVTA does not pay anything until an invoice is submitted. Mr. Longhi, reiterated that the NVTA does not issue grants, everything is done on a reimbursement basis. Last year interest earnings were

estimated at $5.5 million, the Authority actually made $9.5 million dollars. Mr. Longhi mentioned the estimate to for 2019 is $10 million. For the SYP, 44 projects at $1.285 billion is roughly $30 million per project.

- All the extra earnings are rolled back into the 70% fund. Those monies would be available to fund projects which is critical since the NVTA's loss of two revenue streams.
- Ms. Backmon noted the NVTA needs to insure the projects are advancing or if the projects may need additional time.
- Mr. Longhi noted NVTA is using these large cash balances in other ways. For example, had the Finance Committee taken a normal approach to funding the Six Year Program, there would be $194 million interest expense over 20 years. He spoke with the auditors about the NVTA approach to appropriating funds. After some discussion so they could understand the unique situation the Authority is in, the auditors said they would raise no objections, as long as the Authority did not over obligate its forward revenue projections. Mayor Parrish mentioned he would expect the NVTA to have an average cash balance of $450 million dollars. Mr. Longhi, agreed based on initial project cash flows submitted with applications. However, actual experience results in much slower spending patterns.

Information/Discussion Items

IV. Project Monitoring and Management System Update Mr. Longhi, CFO

- Mr. Longhi discussed that the procurement timeline for the PMMS has been compressed as much as prudent and staff was looking for the Committee's guidance.
- Mr. Longhi noted the schedule compression was due to delays in the adoption of the FY2019 Operating Budget while the Committee waited to see the results of the 2018 General Assembly Session. The delays resulted in the loss of approximately 60 days in preparing the PMMS procurement.
  - ✓ The PMMS request for proposals (RFP) was issued on September 5th, approximately two months later than preferred to have given the strongest possibility for the Application Automation Phase to be ready in time for the July 2019 Call for Projects.
  - ✓ Written questions from prospective contractors were due on September 14th.
  - ✓ The mandatory pre-proposal conference occurred on September 17th.
  - ✓ Proposals are due on October 5th.
  - ✓ Initial proposal evaluations occur such that short-listed firms are notified on October 11th.
  - ✓ Proposal 'Best and Final' presentations occur October 15th and 16th.
  - ✓ Next Finance Committee meeting is scheduled for October 18th.
  - ✓ Next Authority meeting is scheduled for November 8th, with the November Finance Committee meeting scheduled for November 15th.
  - ✓ Mr. Longhi noted if we took the traditional approach of presenting the recommended contractor at the November 15th Finance Committee meeting, Authority action would not occur until December 13th. Resulting in a loss of an additional 30 days in product development time.
  - ✓ Further delays in the PMMS procurement cycle will reduce the time the selected contractor has to complete the on-line Application Automation Phase by July 2019.

- ✓ With concurrence of the Finance Committee, NVTA staff will prepare a Closed Session briefing on the PMMS procurement for the Committee's October 18th meeting.
- ✓ A closed session is required as contract negotiations are not expected to have concluded so shortly after the 'Best and Final' presentations on October 15th and 16th.
- ✓ At the closed session briefing the Finance Committee will be able to provide guidance to NVTA staff on presenting a contract recommendation to the Authority on November 8th rather than December 13th.
- ✓ Reducing the procurement cycle by one month will allow additional time for the development and delivery of the Automated Application Phase.

- Mayor Rishell confirmed the proposals from the potential bidders would be due on October 5, 2018. Mr. Longhi confirmed the date.
- Chairman Bulova asked if Mr. Longhi would have a list available for the October 18, 2018, Finance Committee Meeting. Mr. Longhi confirmed that a list should be available, however, he is uncertain of where the recommendation would be as the Best and Final Offer presentations are on October 15th and 16th.
- Mr. Longhi noted that if after the Best and Final Offers are reviewed, staff felt we are two far apart to make a recommendation, there would be no need for a closed session.
- Chairman Parrish expressed he thought this was a good approach and the Committee recommended the closed session on October 18, 2018, if doable.

V. Review of NVTA Office Lease Mr. Longhi, CFO

- Mr. Longhi provided the Finance Committee information regarding the Authority's office lease, and renewal options in preparation for Committee guidance on the FY2020 Operating Budget
- Mr. Longhi provided the background of the NVTA Office Lease:
  - ✓ The current office lease is a sublease from the Northern Virginia Regional Commission (NVRC) which holds a ten-year lease with TransWestern.
  - ✓ The current 5 year office lease went into effect on October 6, 2014.
  - ✓ Total leased space has increased consistent with increases in NVTA staffing.
  - ✓ The current lease is for 4,725 square feet of space (including common areas and the building core).
  - ✓ The current lease will expire on October 31, 2019 (FY2020).
  - ✓ Relocation concurrent with the expiration of the current lease is an option.
  - ✓ Relocation is a lengthy process, so a review of options with cost comparisons was undertaken at this time, prior to preparations for the FY2020 Operating Budget.
- Mr. Longhi provided a cost analysis:
  - ✓ The current NVRC sublease extends through October 2019 for 4,725 square feet at the rates of
  - ✓ $28.54 per square foot per year for FY2019 ($134,851.50 per year).
  - ✓ $29.25 per square foot per year for FY2020 ($138,206.25 per year).
  - ✓ Annual cost escalations are 2.5% per year under the existing contract; renewal of the current sublease is expected to continue at a 2.5% annual escalation.
- Mr. Longhi provided the lease rates for surrounding areas.
  - ✓ The current average pricing for office lease space in the area is in the range of $27 to $35 per square foot.

- ✓ The FY2020 lease rate under the current contract is close to the midpoint of April 2018 rates for office space in the area.
- ✓ The estimates are based on prior escalation experience suggest the new lease escalation rate will be in the same range as current rates.

- Mr. Longhi noted the estimated cost of relocating to new office space (including building renovations, furnishings and technology) is approximately $630,000.
- Mr. Longhi mentioned the advantages of renewing the current lease.
  - ✓ There is the opportunity to add more office space as required. Additional space is currently available within and outside the NVRC lease footprint, adjacent to the existing NVTA space.
  - ✓ NVTA can maintain access to conference rooms and audio visual equipment.
  - ✓ NVTA can maintain access to equipment shared with NVRC such as the GIS plotter.
  - ✓ The annual increase in pricing will continue to be 2.5% per year.
  - ✓ NVTA lease payments reduce the financial obligations of NVRC.
  - ✓ NVRC uses a direct cost approach to the lease arrangements with NVTA (no markup).
  - ✓ The relocation search, contract negotiations, space outfitting and move would create significant strains on NVTA staff capacity to attend to existing primary mission critical duties.
- Mr. Longhi recommended pursuing lease renewal, the Finance Committee agreed.

VI. Draft Policy 29- Project Activation, Monitoring and De-Appropriation

Mr. Longhi, CFO

- Mr. Longhi noted that the jurisdiction and agency comments were scheduled for Fall 2018, however the milestone won't be met for several reasons.
- The comments have been received from the jurisdictions and agencies, but due to the turn-over of two staff positions the Investment and Debt Manager as well as the Communications and Public Affairs Manager.
- Mr. Longhi noted jurisdiction and agency coordination is important and the process is going to take more time than anticipated.
- Chairman Parrish noted his city has a project that is not progressing as originally scheduled and said none the less this is an important policy issue.
- Ms. Backmon acknowledged that Chairman Parrish has mentioned the need for projects to advance on several occasions. She reinforced his observations noting:
  - ✓ The Authority now has four funding programs.
  - ✓ There are projects on the 2014 list that have not advanced for varying reasons.
- Chairman Parrish acknowledge his concern for the needed transportation projects and the citizens who are paying taxes and will benefit from the projects.
- Chairman Parrish noted he is in support of Policy 29.
- Chairman Parrish requested that the NVTA help the jurisdictions and agencies realize the importance of spending the money the way it was agreed upon.
- Chairman Bulova agreed with Chairman Parrish and noted the need to have a balance between pressuring the localities and encouraging them to draw-down within realistic timetables.
- Mr. Longhi noted that Draft Policy 29 highlights communication adding the PMMS will allow the Authority to monitor the projects and create reports. The reports will indicate if a project is not progressing over an extended period of time. Next, there will have to be a

decision made to determine if the project if viable or desirable from a jurisdiction perspective.

- Ms. Backmon added that communication is very important and built into the policy draft.
- When the NVTA knows the project status, it can share with the public and Authority members. She noted we are on the cusp of another call for projects next year, noting FY2024 and FY2025 will see continuation projects. If the project was funded previously, and there is no advancement on the project, then the NVTA needs to decide if the project is at a stage to receive additional funding.
- Mr. Longhi mentioned the analysis completed for the two year update to the SYP shows the unofficially projected revenue could potentially be more than absorbed by continuation requests for current projects.
- Mayor Rishell asked should the draft process includes elected officials being brought into the discussion. Ms. Backmon responded that it would be best to come to a consensus amongst staff as a first step. However, she never wants Authority members to be surprised about issues on their projects.

VII. Investment Portfolio Report Mr. Stavros, Investment & Debt Manager

Mr. Longhi acknowledged Mr. Stavros' hard work analyzing and consolidating the reports from the Portfolio Tracking System. The narrative section of the report gives the Finance Committee the commitment that everything is within policy.

Mr. Stavros presented the Investment Portfolio Report. He acknowledged that investment safety is the prime directive for the portfolio. Liquidity is next to ensure funds are available for project reimbursements. The portfolio has grown $30 million since last meeting. It is primarily in liquid AAA and AA corporate bonds with (50% of the portfolio in 0-3 month maturities).

- ✓ FY 2018 portfolio performance was affected by the investment program suspension in June/July 2018 that took place with the retirement of the former Investment & Debt Manager.
- ✓ However, the portfolio recovered lost performance with the restart of the investment program in late August 2018, outperforming 3 of 4 benchmarks. Pointing to Section IV of the report, during the period, the portfolio sought further diversification in its corporate debt portfolio, adding investment grade consumer staples, technology and energy holdings (Johnson & Johnson, Microsoft, Berkshire Hathaway, Chevron, etc.), as well as adding high grade commercial paper (J.P. Morgan) and one-year Treasuries.
- ✓ Noting Sections V and VI of the report, Mr. Stavros pointed out all of NVTA's investment purchases are held in a third party custody account and NVTA's deposit type investments are protected through the Commonwealth of Virginia collateralization program or FDIC Insurance.

- Mr. Longhi addressed the Reposition Plan of the VIP 1-3 Year investments.
  - ✓ NVTA undertook an investment in the VIP 1-3 prior to having established an internal investment program. An analysis of the NVTA Portfolio finds that the VIP 1-3 High Quality Bond Fund is significantly underperforming similar investments and has certain features (issue shares/price point) that make the investment incompatible with NVTA's current investment goals.
  - ✓ In April 2018, there was $75 million in the fund, since reduced by $30 million. The fund experienced a market loss that was recouped immediately when the

$30 million was reinvested in other instruments. The same thing is proposed with the final balance of the fund.

- ✓ The Reposition Plans intend to exit the remaining $46 million position in the VIP 1-3 Fund which will incur a realized mark-to-market loss of $753,222. Based on current portfolio performance, we expect to recover this loss in a minimum of 7-8 months.
- ✓ The recovery analysis is based on the return of a 1-Year U.S. Treasury Bond yielding 2.55% (market price at this reporting). Thereafter these funds will earn almost 6 times over the VIP 1-3 historical performance.

- Chairman Parrish summarized:
  - ✓ The investment is not performing as well as expected or other investments
  - ✓ Mr. Longhi recommends that we pull out the cash and ultimately it will return more money to the NVTA as a result.
- Mayor Silberberg asked if there is a part of the Investment Policy that makes such action automatic for underperforming instruments. Mr. Longhi replied it is not automatic as staff needs to assess if the instrument is in a short term negative position or a sustained one. The Policy actually discourages trying to time the market. Had the Federal Reserve not made increases the position would be performing differently
- Mr. Longhi also noted one of the portfolio strategies that is used is to always look at the lowest performing segments and look to address them. This is consistent with a hold to maturity investment philosophy.

VIII. Monthly Revenue Report Mr. Longhi, CFO

- Mr. Longhi updated the Finance Committee on monthly revenue receipts and 30% funds distributed to member localities, noting this is effectively the close out report for FY2018.
- Mr. Longhi highlight Attachment A of the staff report:
  - ✓ FY2018 ended with a 3.8% positive variance above our estimate. That brings $ $12.6 million into the next Two Year Update.
  - ✓ Grantor's Tax had a 21% variance above estimate.
  - ✓ Sales Tax outperformed the estimate by less than 1%.
  - ✓ TOT outperformed the estimate by 3.7%.
  - ✓ Noting two takeaways:
    - When you have only one revenue you are subject to the variation within that revenue, meaning with three revenues variances would tend to cancel each other out.
    - Grantors and TOT (growing revenues) were taken away from the Authority in order to fund a fixed amount to Metro. There is a combined growth of roughly 24% above estimate. Significant revenue and flexibility was lost.
- Mr. Longhi doesn't anticipate any changes to existing revenues, but Sales tax has to be re-examined in the context of a single revenue.
- Chairman Parrish asked was there in anything in the legislation that named the use of the additional growth in TOT and Grantors.
- Mr. Longhi acknowledged Counsel of Counsel (Ellen Posner) who responded she was

not aware of anything expressly stated in the legislation. Chairman Parrish expressed a concern that two growing revenues were removed from NVTA to fund a fixed dollar amount for Metro.

- Chairman Bulova noting this was interesting and we should not lose sight of it given the Governor has expressed an interest in addressing the NVTA funding issue.
- Chairman Parrish suggested the issue be brought by staff to the Governance and Personnel Committee as part of the 2019 General Assembly Session preparations. There was agreement to the direction.

IX. Operating Budget Report — Mr. Longhi, CFO

- Mr. Longhi updated the Finance Committee on the Authority's Operating Budget noting this is also effectively the closeout report for FY2018. Specific reference was made to:
  - ✓ Operating revenue is at 100% of estimate.
  - ✓ Several budget transfer were approved related to resources needed for the 2018 General Assembly Session.
  - ✓ The NVTA website redesign completed during FY2018 exceeded the budget by $3,367 the excess costs were offset by savings in other areas.
  - ✓ Four of NVTA's computers required replacement before the end of FY2018 resulting in a cost of $8,714 being applied to the equipment reserve. Noting these machines were originally purchase at the same time.
  - ✓ NVTA ended the year with positive $20,000 expense balance on the $1.9 million budget.

X. Other Financial Activity Updates — Mr. Longhi, CFO

- Mayor Parrish asked for an update on the annual audit.
- Mr. Longhi noted the auditors typically pick an area for extra focus each year. This year investments received significant focus, which is understandable given the growth in size and complexity of the portfolio.
- Mr. Longhi noted the auditors questioned several corporate bonds which were misclassified by the Authority's custody agent as foreign bonds. The classification error was disturbing since foreign bonds are not only out of policy, but also out of State Code.
- Mr. Longhi noted it took approximately 1 month to get the misclassification corrected with the custodial bank and complimented Mr. Stavros on the thoroughness of the work he undertook to educate the custodial bank.
- Chairman Parrish asked for confirmation that the bonds in question were at all times allowable and appropriate for the portfolio. Mr. Longhi confirmed that was correct.
- Mr. Longhi summarized that the expectation is for an unqualified (clean) audit opinion.

Chairman Parrish asked the plans for upcoming revenue estimates.

- Mr. Longhi advised that the revenue estimate process will start this Fall and will extend to FY2025 so as to support the two year update to the Six Year program.
- He also noted the reliance on a single revenue (sales tax) will require a greater level of effort to be conservative yet reasonable in projections.

Adjourned 2:29 PM

Next Meeting

October 11, 2018

Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Thursday, October 18, 2018
1:00 PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

MEETING SUMMARY

I. Call to Order/Welcome — Mayor Rishell

- Mayor Rishell called the meeting to order at 1:10 PM.
- Attendees:
  - ✓ Members: Mayor Rishell; Chairman Nohe; Chairman Bulova; Mayor Silberberg (arrived 1:21 PM)
  - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Richard Stavros (Investment & Debt Manager); Peggy Teal (Assistant Finance Officer); Yolanda Thomas-Jones (Clerk).
  - ✓ Council of Counsels: Ellen Posner (Fairfax County)
  - ✓ Other Attendees: Brittany Martin (Prince William County); Tarrence Moorer (City of Alexandria); Liang Shan (PFM); Noelle Dominguez (Fairfax County); Anna MacDonald (United Bank).

II. Summary Minutes of the September 20, 2018 Meeting

- September 20, 2018 summary minutes were not available, will be emailed at later date.

Presentation

III. FY2018 Audit Presentation — Mr. Michael Garber, Partner, PBMares, LLP

- Mr. Garber presented the FY2018 Draft Financial and Compliance Reports, noting the Authority received an unmodified (clean) audit opinion. He added, the Independent Auditor's Report is not included in the draft reports.
- Mr. Garber highlighted the NVTA Management's Discussion and Analysis on page 4 of the report. He noted the special revenue funds/regional funds in the overview.
- Mr. Garber mentioned the Financial Highlights noted on page 5 of the report, including the Fund Financial Statements.
- Mr. Garber acknowledged the differences in the current 'Balance Sheet-Governmental Funds", on page 16, versus previous years balance sheets.
  - ✓ The Regional Revenue Fund, the restricted amount has been broken out. He noted the 'restricted' at $371 million, has not been designated. The working capital reserve is $120 million. Restricted-for appropriated projects is $429 million. Previously, only the Regional Revenue fund total was reflected on the balance sheet.
- Mr. Garber referred to the Schedule of Changes in Restricted Funding for Appropriated Projects on pages 68 and 69 of the report.

- ✓ He noted the details outlined for each project and its appropriations.

- Mr. Garber mentioned the Other Post Employment Benefits (OPEB) for NVTA was only $75,000 and reported for Governmental Accounting Standards Board (GASB) compliance. He added that the NVTA received an unmodified audit opinion on compliance as well.
- Mr. Garber referred to the Financial Statements within the Draft Financial and Compliance Reports, highlighting:
  - ✓ Pages 1, 2 and 3 are the independent auditor's opinion.
  - ✓ The final document will include a copy of the Arrangement Letter and the Representation Letter for signature.
- Mr. Garber noted there were no significant difficulties in the audit. He added, current audit adjustments were not needed, and there were no past audit adjustments.
- Mr. Garber discussed the Management Letter enclosed in the report.
  - ✓ Auditor's noted some of the investments appeared to be of foreign holdings, which are not allowed by the Authority's Investment Policy. Upon further investigation and gathering of documentation, it was determined the investments were acceptable under the Policy.
  - ✓ Auditor's suggested the Authority continue to work with their custody service provider to clearly indicate the type of investment being held and that we continue to stay within Policy guidelines.
- Mayor Rishell thanked Mr. Garber and PBMares, LLC for the clear and thorough audit report.
- Mr. Longhi complimented and clarified the amount of work that went into preparing project listings along with financial statements. He thanked the Finance Committee for choosing the subscription service that will address NVTA's issues.

Action Items

IV. FY2018 Financial Compliance Audit Reports Mr. Longhi, CFO

- Mr. Longhi sought the Finance Committee recommendation of Authority acceptance of the Draft FY2018 Financial and Compliance Reports.
- Mr. Longhi directed the Finance Committee to page 68 of the draft FY2018 Financial and Compliance report noting:
  - ✓ After discussion with PBMares, NVTA has created a report that reflects restriction of the funds.
  - ✓ $690 million of the Authority's balance are specifically tied to projects, noting which projects the funds are connected to.
  - ✓ The schedule reflected the Authority's financial transparency. It notes the balance, while specifically detailing the allocation of funds.
  - ✓ Mayor Rishell thanked Mr. Longhi and his team for their hard work and efforts.
  - ✓ Ms. Teal directed the committee to page 16 of the Finance and Compliance Report noting the Balance Sheet, under Fund Balances. The balance agrees with the 'Restricted- for appropriated project funding' amount.
  - ✓ Mayor Rishell mentioned this report can prevent the NVTA from being targeted by the General Assembly. Mr. Longhi added, an additional benefit is the transparency to the credit agencies.

- ✓ Ms. Backmon noted the projects in three previous funding programs have SPA's. The Authority action at the October meeting approved five SPA's funded under the SYP that are legally binding. She added, if the revenues for those projects went away, the Commonwealth of Virginia would be responsible.
- ✓ Mr. Longhi added the auditors made two recommendations in their management letter which are agreed to by NVTA management:
  - Implement procedures to monitor and update rating risk within the Authority's growing investment portfolio. In response to this recommendation, the Finance Committee recommends Authority approval of a FY2019 budget transfer to obtain investment monitoring subscriptions services.
  - Continue to work with the Authority's investment custody service provided to avoid investment classification errors by the outside contract custodian bank.

- Chairman Bulova moved the Finance Committee recommend to the Authority, acceptance of the draft Northern Virginia Transportation Authority Financial and Compliance Audit reports for the fiscal year ended June 30, 2018, seconded by Mayor Silberberg. Motion carried unanimously.

V. Investment Monitoring and Management Subscriptions Mr. Longhi, CFO

- Mr. Longhi sought Northern Virginia Transportation Authority (NVTA) approval of a budget transfer to enable the FY2019 implementation of Investment Management and Monitoring Services in November.
- Mr. Longhi noted $35,781.31 that would be withdrawn from the Operating Reserve of FY2019, and replenished as part of the 2020 budget. The ongoing annual cost will be $48,000.
- Mr. Longhi previously predicted the cost would between $20,000 and $65,000. The costs were economized by using two instead of three services, and having one subscription instead of two. The cost of a second subscription at this time did not seem to be in the best interest of NVTA.
- Chairman Bulova moved Authority approval of a $35,781.31 transfer from the NVTA Operating Reserve for FY2019 to obtain the Investment Management and Monitoring Services detailed in Table 1 of the staff report. And, authorize the Authority's Chief Financial Officer to sign related subscription service agreements. Seconded by Chairman Nohe. Motion carried unanimously.

VI. Investment Portfolio Report Mr. Stavros, Investment & Debt Manager

- Mr. Stavros gave a report and comments on NVTA's current investment activity and performance.
- Mr. Stavros highlighted the Current Period Reports in the staff report noting:
  - ✓ The portfolio has grown $24 million since the last report. The portfolio is benefitting from an approved interest rate environment.
  - ✓ NVTA is still focused on core principals of safety, liquidity and yield.
  - ✓ The liquidity in the portfolio has a duration of .43 or less than half a year.
  - ✓ The favorable interest rate environment is benefitting the portfolio by meeting three of four benchmarks.

- ✓ He mentioned even with the high liquidity position, the NVTA is still doing well in the market.
- ✓ Mr. Stavros commented on the repositioning of the VIP 1-3 investment. A higher mark to market loss of $842,554.07. This is due to the increasing interest rate environment and the VIP Fund Manager had discretion as to which investments were sold to redeem shares.

- Mr. Longhi commented the mark to market loss absorbed when NVTA exited $46 million in the VIP Fund, ended up being $89,000 more than anticipated. It stretches out the period it's going to take to make up the loss. This was primarily caused by two things.
  - ✓ Federal Funds Rate going up.
  - ✓ The fact that the Portfolio Manager gets to choose which instruments are to be sold when someone exits the fund. He noted he'd make the same decision if he were in the Fund Managers position. This decision increased the mark to market variance.
  - ✓ Mr. Longhi reflected on a previous question about the outsourcing of management. He noted that a $900 million portfolio in its totality, would not be put out to management. He estimated $700 million would be put out for management as a maximum. Currently the management rate would be 2 and a half to 5 basis points, cost of $1.75 million to $3.5 million. Internal management is the most efficient way to go. NVTA is still in control of selling instruments.
  - ✓ Mayor Rishell asked was the one-year mark to market loss projected prior to the $89,000. Mr. Longhi responded no, he was looking at 7 to 8 months previously.

VII. Monthly Revenue Report Mr. Longhi, CFO

- Mr. Longhi noted the performance is 2% below estimate for Sales Tax, our single revenue source. He added it is not disturbing at this point because the first month of the revenue cycle.
- Mr. Longhi addressed which jurisdictions are getting their 30% Fund distributions. As of September 30th, Alexandria has met its annual certification requirements. As a result, Alexandria will receive a catch-up payment in October and should be on track for the rest of the fiscal year. He added, the City of Fairfax has a different tax deadline, their certification comes in about two months later.

VIII. Operating Budget Report Mr. Longhi, CFO

- Mr. Longhi updated the Finance Committee on the Authority's Operating Budget for FY2019, noting:
  - ✓ NVTA is at 100% of revenue.
  - ✓ September 2018 represents 25% of fiscal year. Through September 2018, the Authority utilized 22% of its FY2019 expenditure budget.

IX. Project Monitoring and Management System Procurement Update

Mr. Longhi, CFO

- Topic was addressed in Closed Session.

X. Other Financial Activity Updates Mr. Longhi, CFO

- Mr. Longhi gave a financial update to the Finance Committee noting:
  - ✓ The comments from the jurisdictions have been received for Policy 29. The comments have to be consolidated and re-distributed for additional discussion. Every jurisdiction will be able to see each other's comments.
  - ✓ Currently assessing a RFP for custody services to address issues encountered during last fiscal year's audit. Mr. Longhi stated since it's renewal time, it's prudent to weigh other options in the market.

  November presentation to Finance Committee on investment portfolio's Community Banking Program. This program keeps the resources of the Authority local so that local banks can use the funds for mortgages and business loans.

Closed Session

- At 1:43PM Mayor Rishell moved that the Northern Virginia Transportation Authority enter a closed meeting as authorized by Virginia Code Section 2.2-3711A29, for the purpose of discussing a competitive procurement and potential award of a contract. Seconded by Chairman Bulova. Motion carried unanimously.

- At 1:50PM Mayor Rishell moved that the members of the Finance Committee of the NVTA certify the just concluded closed meeting, only public business matters lawfully exempted from open meeting requirements under Chapter 37, Title 2.2 of the Code of Virginia and only such public business matters as were identified in motion by which the closed session or closed meeting was convened, were heard discussed or considered by the Finance Committee. Seconded by Chairman Bulova. Motion carried unanimously.

Adjourned 1:51 PM

Next Meeting
November 15, 2018

III

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: February 15, 2019

SUBJECT: Finance Committee Meeting Schedule for the next 12 months

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1. **Purpose.** Determine a Finance Committee meeting schedule for the next 12 months.

2. **Suggested motion.** *I move the Finance Committee adopt the proposed meeting schedule.*

3. **Background.**
   a. The Finance Committee has been meeting on the third Thursday of the month at 1:00PM.
   b. By selecting a meeting day of the third Thursday of a month the Committee will receive reconciled financial, banking and revenue receipt reports from the most recently completed month.
   c. This meeting date also allows sufficient time for staff to prepare any Finance Committee action items for the next Authority meeting on the second Thursday of the following month.
   d. Meetings without Action Items, or time sensitive Discussion Items are typically cancelled, with reports on investments, revenue and the operating budget presented on a year to date basis at the next meeting.

4. **Meeting Options.** The following table provides the dates for consideration by the Committee.

Month	Thursday	Notes
March	March 21, 2019	
April	April 18, 2019	
May	May 16, 2019	
June	June 20, 2019	
July	July 18, 2019	If needed
August	August 15, 2019	If needed
September	September 19, 2019	
October	October 17, 2019	
November	November 21, 2019	
December	December 19, 2019	If needed
January	January 16, 2020	
February	February 20, 2020	

IV

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members, NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: February 15, 2019

SUBJECT: Continuing Disclosure and Post Issuance (Policy 21) Update

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1. **Purpose:** To seek Northern Virginia Transportation Authority (NVTA) Finance Committee recommendation of an update to the Continuing Disclosure and Post Issuance Policy. This update is required by the Securities and Exchange Commission's (SEC) Rule 15c2-12.

2. **Suggested Motion:** *I move Finance Committee recommendation of Authority approval of the attached update to the Authority's Continuing Disclosure and Post Issuance Policy (Policy 21).*

3. **Background:**
   a. The Authority has and may in the future, issue tax exempt and other tax-advantaged bonds.
   b. The SEC sets post issuance compliance and disclosure requirements which the Authority is required to comply with under Rule 15c2-12.
   c. Rule 15c2-12 previously listed 14 events which would require disclosure through the Municipal Securities Rulemaking Board (MSRB) Electronic Municipal Market Access system (EMMA).
   d. The SEC has added two new events requiring disclosure:
      i. Incurrence of a financial obligation, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation any of which affect security holders, if material.
      ii. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.
      iii. The above two disclosure events apply to any issuances which occur after February 27, 2019.
   e. The attached draft policy update includes the addition of the two new events.
   f. The draft changes have been review by the Authority's Financial Advisor, Bond Counsel and Council of Counsel.

Attachment: Draft Update Policy 21 - Continuing Disclosure and Post Issuance Policy

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

Policy Number 21 – Continuing Disclosure and Post Issuance Policy

I. **Purpose.** The Northern Virginia Transportation Authority (the "Authority") issues tax-exempt and other tax-advantaged bonds (collectively "Tax-Advantaged Bonds") to obtain funds to finance portions or all of various capital improvements. The Authority has adopted this policy and procedure (the "Post-Issuance Compliance Policy and Procedure") to ensure that the Authority's continuing disclosures are accurate and comply with all applicable federal and state securities laws, and to assist in monitoring the Authority's compliance with the continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934.

II. **Designation of Responsibilities.** The Chief Financial Officer (CFO) shall be designated as the Chief Compliance Officer and shall be responsible for the administration and supervision of the Authority's post-issuance compliance management program. The Chief Compliance Officer shall review the Post Compliance Issuance procedure document at least annually. Material changes to this document shall only be made after recommendation by the Finance Committee and approval of the Authority.

III. **Records Retention.**

A. The Records. The Tax Compliance Officer shall retain records demonstrating compliance with the Post-Issuance Compliance Policy and Procedure. These records may consist of, but shall not be limited to, the documents listed on Appendix A (the "Records").

B. The Annual Compliance File. The Tax Compliance Officer shall retain an electronic or paper file for each continuing disclosure annual filing the Authority completes (the "Annual Compliance File"). Each Annual Compliance File shall include, but not be limited to:

1. Final versions of the Authority's Official Statement;
2. Audited financial statements; written confirmations of the annual filings made by the Authority with the MSRB;
3. Any related letters and legal opinions;
4. A list of individuals to whom they have been distributed and the dates of such distributions; and
5. Any other specific records relating to tax and other post-issuance compliance as enumerated in Appendix B attached hereto.

C. The Annual Compliance File shall be maintained in a central repository by the Authority in accordance with the length of time as specified by federal requirements applicable to Tax-Advantaged Bonds or Virginia Record Retention Requirements, whichever is longer.

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D. Electronic media will be the preferred method for storage of all documents and other records maintained by the Authority in connection with tax and other post-issuance compliance.

IV. Continuing Disclosure.

A. Under the provisions of the Securities and Exchange Commission (the "SEC") Rule 15c2-12 (the "Rule"), underwriters of Authority bonds are typically required to obtain an agreement for ongoing disclosure in connection with the public offering of bonds. The transcript for each such issue of bonds will include a Continuing Disclosure Certificate or another undertaking by the Authority to comply with the Rule (the "Undertaking").

B. Annual Filings. Pursuant to each Undertaking, the Authority is required each year to file annual reports with the Municipal Securities Rulemaking Board's (the "MSRB") Electronic Municipal Market Access ("EMMA") system in accordance with such Undertakings. Such annual reports are required to include certain updated financial and operating information identified on Appendix B, and the Authority's audited financial statements.

C. Event Notices. As set forth in each Undertaking, the Authority must provide notice (an "Event Notice") to the MSRB of the events identified in and listed in Appendix C attached hereto. Weekly, the CFO or appropriate Designee shall monitor such list for the occurrence of such an event and, if needed, shall prepare an Event Notice that complies with the Rule and shall file such Event Notice with EMMA as required by the Rule.

D. Financial Statements. The CFO or Designee shall submit the Authority's audited financial statements ("Financial Statements") to EMMA on an annual basis as required under each Undertaking.

V. Public Statements of Financial Information.

Whenever the Authority makes statements or releases information relating to its finances to the public that are reasonably expected to reach investors and the trading markets (including without limitation, all Event Notices, statements in the audited financial statements and other financial reports and statements of the Authority), the Authority is obligated to ensure that such statements and information contained therein are complete, true and accurate in all material respects. The CFO or appropriate designee shall determine whether such statements or releases should be provided to the MSRB as voluntary disclosure, and if so, the CFO or appropriate designee shall prepare and make a filing on EMMA of such statements or releases.

VI. Remedial Action.

In the event the Authority discovers that it has become non-compliant with its continuing disclosure obligations, the CFO shall work with the Authority's attorney and/or bond counsel to remedy the noncompliance and file the necessary notices to the MSRB with EMMA.

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VII. **Training.** Authority personnel are to periodically obtain training with regard to the Authority's continuing disclosure obligations and retention of the records set forth in Section III of this Continuing Disclosure & Post Issuance Compliance Policy. The training shall include a review of the Authority's recent compliance initiatives and discussions relating to post-issuance compliance requirements. Training is especially warranted in the event of changes in law or changes in Authority staff.

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Approved by the Finance Committee: December 5, 2014
Update Recommended by the Finance Committee: XXXXX
Approved by Northern Virginia Transportation Authority: December 11, 2014
Update Approved by Northern Virginia Transportation Authority: XXXXXX

APPENDIX A

LIST OF POST-ISSUANCE COMPLIANCE RECORDS (TO BE AMENDED BY THE AUTHORITY AS NECESSARY)

1. Preliminary and Final Official Statements.

2. Audited Financial Statements.

3. Filings made by the Authority with the MSRB, whether made pursuant to a continuing disclosure undertaking to which the Authority is a party or otherwise.

4. Press releases and other information distributed by the Authority for public dissemination to the extent that such releases are reasonably expected, in the determination of the Chief Financial Officer, the Authority Attorney and/or bond counsel, to reach investors and the trading markets for municipal securities.

5. Rating Agency Presentations.

6. Such portions of the Authority's published annual Adopted Budget as the CFO, the Authority Attorney and/or bond counsel deem to be appropriate, which shall at a minimum include the Executive Summary.

7. Any other communications that are reasonably expected, in the determination of the CFO, the Authority Attorney and/or bond counsel, to reach investors and the trading markets for municipal securities.

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Appendix B

Operating Data

Below is the list of operating data that must be updated annually and filed with the MSRB in accordance with Section IV.B. of the Policy.

This list is current as of December 31, 2014, and must be updated by the CFO or appropriate designee annually.

FY2014 Regional Revenues

	FY20__ Budget	FY20__ Actual	Percentage Change Budget / Actual
Additional Sales and Use Tax			
Regional Congestion Relief Fee			
Regional Transient Occupancy Tax			
Total:			

FY20__ Regional Revenues by Member Locality and By Source

Member Locality	Additional Retail Sales and Use Tax	Regional Congestion Relief Fee	Transient Occupancy Tax	Total
City of Alexandria				
Arlington County				
City of Fairfax				
Fairfax County				
City of Falls Church				
Loudoun County				
City of Manassas				
City of Manassas Park				
Prince William County				
Total FY 20__ Regional Revenues:				

Budgeted and Projected Regional Revenues[1]

	20__	20__	20__	20__	20__	20__
Additional Retail Sales and Use Tax						
Regional Congestion Relief Fee						
Additional Transient Occupancy Tax						
Total:						

Note: (1) Preliminary estimates and actual results may vary.

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Appendix C

LIST OF EVENT NOTICES

The Chief Financial Officer should review this list at least weekly to determine whether any event has occurred that may require a filing with EMMA.

For Tax-Advantaged Bonds subject to Rule 15c2-12, the following events automatically trigger a requirement to file with EMMA within ten (10) business days of their occurrence:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulty.
4. Unscheduled draws on credit enhancements reflecting financial difficulty.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the security.
7. Modifications to rights of security holders, if material.
8. Bond calls or tender offers, if material.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating Changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person as set forth in §17 CFR 240 15c2-12.
13. Merger, acquisition or sale of all or substantially all of issuer assets.
14. Appointment of successor trustee or additional trustee or name changes of a trustee, if material.
15. Failure to provide, in a timely manner, notice to provide required annual financial information by the date specified in any continuing disclosure undertaking.

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16. Incurrence of a financial obligation, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation any of which affect security holders, if material. (Effective February 27, 2019.)

17. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties. (Effective February 27, 2019.)

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V

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members, NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: February 15, 2019

SUBJECT: Investment Policy (Policy 13) Change

---

1. **Purpose:** To seek Northern Virginia Transportation Authority (NVTA) Finance Committee recommendation of changes to the Investment Policy.

2. **Suggested Motion:** *I move Finance Committee recommendation of Authority approval of the attached changes to the Authority's Investment Policy (Policy 13).*

3. **Background:**
   a. The Investment Policy was adopted on December 11, 2014, and has not been updated since that time.
   b. The Investment Policy philosophy is to never exceed the parameters for investment activity set out in the Code of Virginia.
   c. These changes do one of two things as identified below:
      i. Make the Investment Policy consistent with the Code of Virginia.
      ii. Make the Investment Policy more restrictive than the Code of Virginia.
   d. The draft changes have been review by the Council of Counsel.

2. **Proposed Policy Changes:**
   a. **Making the Investment Policy consistent with the Code of Virginia:**
      i. In December 2018, staff realized the Corporate Note and Negotiable Certificate of Deposit standards in the Investment Policy were inconsistent with the Code of Virginia.
      ii. The inconsistency is that both sections allowed ratings by Fitch Ratings to be considered in the purchase of Corporate Notes and Negotiable Certificates of Deposit.
      iii. The portfolio does not contain any Negotiable Certificates of Deposit which used Fitch Ratings in the purchase decision.
      iv. In December the portfolio contained three Corporate Notes totaling $40 million of face value where the purchase decision relied on Fitch Ratings.
      v. To bring the portfolio into compliance staff sold the three Corporate Notes at a gain of $67,649.
      vi. The changes in item 10 - Corporate Notes and 15 - Negotiable certificates of deposit (both on page 10) eliminate the reference to Fitch Ratings.

b. Making the Investment Policy more restrictive than the Code of Virginia.

i. Investments in bonds issued by States, Counties and Cities are permitted in the Code of Virginia. The Code sets minimum requirements for the purchase of these instruments.

ii. The Investment Policy matches the minimum requirements as set out in the Code.

iii. The proposed change is to further restrict these purchases to bonds with Securities rated by at least two of the three following rating agencies with ratings of at least; Aa or higher for Moody's, AA or higher for Standard and Poor's, AA or higher for Fitch. Proposed changes are noted on page 8 of the attached draft.

iv. There are no securities from State, County or City issuers in the portfolio at this time.

Attachment: Policy 13 – Investment Post (with Draft Changes)

Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

Northern Virginia Transportation Authority

Investment Policy

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Adopted December 11, 2014
Revised XXXXX

This Investment Policy has been established by the Northern Virginia Transportation Authority (Authority) to ensure effective management of the day-to-day investment activity, and is designed to increase non-tax revenues by investing funds when not needed for current obligations. The objective is to obtain, while protecting principal, the highest possible yield on available financial assets, consistent with constraints imposed by safety objectives, cash flow considerations and the laws of the Commonwealth of Virginia that govern the placement of public funds. The general custody of all funds requires the investment of those funds within the confines of the Code of Virginia and a comprehensive Investment Policy developed and maintained by the Authority.

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INVESTMENT POLICY

PURPOSE AND SCOPE

The purpose of this statement of investment policy is to establish guidelines for the safeguarding and efficient management of Authority funds and for the purchase, sale and custody of investment instruments. The goal is to minimize risk and to ensure the availability of cash to meet Authority expenditures, while generating revenue from the use of funds, which might otherwise remain idle.

Unless otherwise noted, all citations in this policy refer to the Code of Virginia (1950), as amended.

OBJECTIVES

The primary objectives of the Authority's investment activities, in priority order, are: safety, liquidity, and yield (SLY).

Safety of principal is the foremost objective in the investment of public funds. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

The investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements, which might be reasonably anticipated.

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles. This objective shall take into account constraints as to acceptable risk, the characteristics of the Authority's cash flows and the funding expectations of approved projects.

ROLE OF THE CHIEF FINANCIAL OFFICER

The Chief Financial Officer (CFO) is charged with collecting, safeguarding and disbursing Authority funds. The CFO serves as the investment officer for the Authority with authority for investment decisions to include managing the day-to-day operations of the portfolio, placing purchase orders and sell orders with dealers and financial institutions, procuring banking and financial services and preparing reports as required.

The CFO shall invest all available cash (with the exception of 30% funds) into a common investment portfolio. The CFO is required to file a statement of economic interest annually with the Authority Administrative Assistant/Clerk by no later than January 15 (§2.2-3116). The CFO may require any employee of the Authority entrusted with the investment of Authority funds to file a similar statement. In no event shall any employee involved in the investment process also be involved in personal business activity that could conflict with proper execution of the investment program.

The CFO shall continue to monitor the statutes and regulations and modify investment procedures accordingly to ensure compliance.

The CFO as well as staff assigned to investment and accounting functions; shall individually and as a group stay current on new regulations and market trends in investments, technology enhancements and new banking as well as financial services. Individual readings, research, subscriptions to news services, attending training and informational symposiums on these topics is encouraged and supported.

ROLE OF THE INVESTMENT MONITOR

The Investment Monitor is designated by the CFO to review the balances and activity in the Authority's investment portfolio. The Investment Monitor shall be thoroughly familiar with this Investment Policy and the Code of Virginia regarding allowable investments. The Investment Monitor will not be actively involved in investment activity other than to monitor transactions for compliance with this policy and the Code of Virginia. The Investment Monitor shall have read-only access to the portfolio tracking system with which to confirm all investment balances, purchases, maturities, sales and trades.

ROLE OF THE FINANCE COMMITTEE

The Finance Committee is established in the Authority to review the CFO's actions regarding the disposition of Authority funds. The Finance Committee meets at regular intervals with the CFO to review the Statement of Accountability. The makeup of the Finance Committee is specified in the Bylaws.

ETHICS AND CONFLICT OF INTEREST

Employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Authority.

INTERNAL CONTROLS

The CFO is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met, to the extent possible with staff resources.

- Prevention of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping using a delivery versus payment basis
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian.

EXTERNAL PORTFOLIO MANAGEMENT

In order to better manage yield in changing interest rate environments, the CFO may decide to contract for external portfolio management. This portion of the investment portfolio may be invested for periods greater than two (2) years but not more than five (5) years. Since these funds have been set aside they are not currently required to meet the near term liquidity needs of the Authority. These funds may not exceed 25% of the net balance of the Authority's 70% Regional Fund pooled cash and investments. The external portfolio manager must comply with all the requirements of the Code of Virginia with respect to the investment of local funds.

COMMUNITY BANK PROGRAM

In order to enable community based financial institutions to compete against regional and national institutions for Authority funds the CFO may set aside a portion of Authority funds upon which only local community based institutions may bid. In order to qualify for the Community Bank Program, an institution must be headquartered locally or maintain a significant portion of its branches within the Authority membership jurisdictional boundaries. Any banks which show significant community reinvestment activities beyond the minimums required in the Community Reinvestment Act will receive consideration. Newly chartered banks, meeting the above criterion, will qualify after being closely reviewed for solvency, stability and quality as well as experience of executive management.

The aggregate investments held for any qualifying institution is not to exceed five (5) percent of the institution's total assets as reported on their most recent audited financial statements or Quarterly Call Report. The CFO may require such bids to include a premium over the market rate to compensate for the increased administrative costs and reduction of liquidity which this program may entail. Such premiums shall be determined by the CFO periodically based on prevailing market conditions.

The investments under the Community Bank Program are subject to the same restrictions and the same collateralization requirements as all other investments. The CFO reserves the right to reject bids that are not suitable or otherwise not in the best interest of the Authority.

INVESTMENT OF BOND PROCEEDS

The Tax Reform Act of 1986 restricts the interest which may be earned on the unexpended proceeds of tax-exempt bonds issued after 1986. The average yield of investments purchased with bond proceeds may not exceed the yield on the bonds. Any excess earnings are considered arbitrage earnings and must be remitted to the U.S. Treasury. In order to avoid the difficulties associated with arbitrage, all unexpended bond proceeds shall be invested separately in the State Non-Arbitrage Pool, or its equivalent.

Notwithstanding the general policy that the CFO shall refrain from specific fund investments, interest earned on these investments shall be allocated to the funds for which the bonds were issued.

ARBITRAGE MANAGEMENT PROGRAM

The arbitrage management program seeks to promptly reimburse pooled cash for expenses related to bond projects and to manage the Authority relationship with the State Non-Arbitrage Program (SNAP). Through the prompt replenishment of eligible capital expenses the Arbitrage Management Program seeks to maximize the Authority's liquidity and investment earnings. The main points of the program are:

1. Make cash draws from the appropriate SNAP account based on the Authority general ledger activity.
2. Establish and manage arbitrage rebate accounts to cover projected IRS rebate liability.
3. Provide the most accurate information to the Arbitrage Rebate Calculation Agent based on the Authority general ledger activity.
4. Return any erroneously drawn funds to the appropriate SNAP account within five (5) months, if the underlying expense is retracted by a member jurisdiction.
5. Rely on the appropriate member jurisdictions to maintain the detailed documents to support their transactions related to expenses eligible for cash draws.

PAYMENT OF BANKING SERVICE AND INVESTMENT FEES

The CFO determines whether paying for banking, financial services and financial products directly or through compensating balances is in the best interest of the Authority. The method of payment chosen will, for the most part, be based on the current rate of return on the portfolio versus the compensating balance rate offered by individual institutions.

Payment methods may change on a month to month and institution by institution basis depending upon which arrangement produces the best overall return, cost constraint and operational efficiency. Investment proceeds and/or compensating balance arrangements can be used for banking and financial services only within the fund which holds the balance. Examples would be investment fees stay within the 70% Regional Revenue funds. Operational banking fees remain within the Operating Fund.

AUTHORIZED DEPOSITORY AND FEE SERVICE BANKS

The CFO shall maintain a list of financial institutions authorized to provide depository and/or investment services. In order to ensure orderly and fair competition, the CFO will routinely bid new fee services on an individual basis, when such service is not functionally linked to an existing banking process. Priority will be given to making certain that opportunities are presented to participants in a fair and orderly process.

1. Banks must be "qualified public depositories" as defined in the *Code of Virginia* §2.2-4401 Security for Public Deposits Act.
2. All commercial banks wishing to be authorized to provide services must report a minimum of 4% or greater in the Tier 1 (Core) capital rating in their Quarterly Call Report filed with the FDIC. If any bank were to report a rating of less than 4% the deposit and fee relationship will be considered in jeopardy and the CFO will take appropriate and prudent action.
3. The CFO will conduct a bi-annual review of the condition of each authorized financial institution. The CFO will undertake interim reviews as conditions dictate.

AUTHORIZED INVESTMENT BROKER/DEALERS

The CFO shall maintain a list of financial institutions authorized to provide depository (Certificates of Deposit, Negotiated Order of Withdrawal and Money Market accounts) and/or investment broker services.

In order to ensure orderly and fair competition, the CFO shall limit the number of broker/dealers on the authorized list. For the broker/dealers on the list, priority will be given to making certain that opportunities are presented to participants in a fair and orderly process.

Further, authorized financial institutions will:

1. Maintain compliance with FINRA Net Capital Requirements for Brokers or Dealers - SEC Rule 15c3-1.
2. Any broker must maintain an active registration in good standing with FINRA.
3. Achieve a successful review, by the Authority, of individual broker records as posted by FINRA.
4. All Broker/Dealers are required to sign an acknowledgement as to receiving, understanding and agreeing to abide by this investment policy prior to the start of any activity. Broker/Dealers which repeatedly propose non-allowable or noncompetitive investments will be removed from the approved list.

5. Broker/Dealers will be automatically removed from the authorized list if no instruments have been purchased from their firm for 16 consecutive months.

BENCHMARKS

The portfolio performance benchmarks will be both the Fed Funds Rate and the Treasury 90 Day T-Bill rate. Comparisons to the Virginia State Non-Arbitrage Program (SNAP) and the Virginia Local Government Investment Pool (LGIP) will be maintained as they are both highly liquid investment pools operated in compliance with the Code of Virginia.

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PURCHASE OF INVESTMENTS

GENERAL

Generally, investment offers must be considered in a competitive environment. Investments in excess of five (5) million dollars must be selected on a competitive basis. Offers must be solicited/received from a minimum of two dealers or financial institutions. The CFO may use discretion in selecting the bidders, taking into consideration an institution's reputation, past success rate, timeliness in providing bids and any other factors which the CFO believes have bearing.

In general, the highest yielding instrument offered with an appropriate maturity to match with projected liquidity needs will be the investment selected. The CFO may reject an investment, even if it yields the highest rate, if he feels it carries an element of risk which may not be reflected in the published credit rating or if it is not in the Authority's interest to hold such an investment in its portfolio.

Banks and broker/dealers shall be instructed to mail trade confirmations or similar documentation to the Authority Administrative Assistant/Clerk. The Administrative Assistant will show all trade confirmations to the Executive Director, keep a copy on file and provide the originals to the Authority Assistant Finance Officer for entry into the accounting system.

In accord with primary objectives, in priority order of safety, liquidity, and yield (SLY), investments shall be made with the judgment and care which persons of discretion, prudence and intelligence exercise in the management of their own affairs, not for speculation, but for the protection of principal. Consideration for the safety of capital shall be paramount over the probable income to be derived. Individuals responsible for investing Authority funds shall in no way benefit personally as a result of investment decisions.

INVESTMENT POLICIES AND STANDARDS

There are certain standards of "adequacy" and "appropriateness" set by the Authority, in addition to the creditworthiness of an institution, against which offers shall be measured when purchasing investments. For example, diversification reduces overall portfolio risks while attaining market average rates of return. The policies and standards which regulate specific investments and the composition of the investment portfolio shall include, but not be limited to, the following:

1. No investment shall be purchased if the yield is less than that of the most recently auctioned issue of the United States Treasury of a similar term.
   a. No investment shall be purchased if two of three or more enhanced ratings from nationally recognized ratings firms are not at or above the minimum required in the Code of Virginia. Due to the use of credit qualifiers by the rating agencies to signify rating reviews in the financial market turmoil starting in calendar year 2009, negative rating qualifications (such as AA- or A1-) will not exclude the instrument.
   b. The status of any credit enhancement firm will be examined when considering the purchase of an instrument. The CFO will keep a list of unacceptable credit enhancement firms. Any instrument with a credit enhancement by a firm on this list will be considered based on its underlying credit rating not the enhanced rating.
2. At no time, shall more than thirty-five percent of the portfolio be invested in commercial paper.

3. No more than five (5) percent of the portfolio shall be invested in the commercial paper of a single entity.
4. The CFO will determine/reaffirm on a weekly basis the target balance for the portion of the portfolio invested with maturities greater than 24 months.
5. At no time shall the remaining maturity of an investment exceed 60 months, unless such investment has a PUT option as described in the Diversity & Maturity Section.
6. The CFO shall endeavor to maintain an appropriate diversification in the portfolio. The CFO will diversify instruments and institutions in order to reduce overall portfolio risk while attaining market rates of return.
7. The CFO shall use the average of the three-month Treasury bill auctions for a quarter as a benchmark for the return on the investment portfolio.
8. All investments with the sole exception of bank depository instruments, will be purchased on a delivery versus payment basis through a trust and custody agent under contract with the Authority.

The Finance Committee may add, delete or modify standards of investment at its discretion in response to changing economic, national or international conditions. Such additions, deletions or modifications shall be reported to the Authority at the next meeting of that body.

All institutions solicited for offers shall be advised of the allowable investments and any restrictions upon investments. Only investments which meet the criteria enumerated above may be considered. The CFO may consider barring institutions from consideration should they repeatedly offer disallowed investments.

ALLOWABLE INVESTMENTS

The Authority must limit investments to those allowed by the Code of Virginia. The Authority, however, may restrict investments beyond the limits imposed by the Code if such restrictions serve the purpose of further safeguarding Authority funds or are in the best interests of the Authority.

The allowable types of investments under the Code of Virginia for non-sinking funds are as follows:

1. Stocks, bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia, and other evidences of indebtedness unconditionally guaranteed as to payment of principal and interest by the Commonwealth of Virginia.

2. Bonds, notes and other obligations of the United States, and securities unconditionally guaranteed as to the payment of principal and interest by the United States, or any agency thereof. The evidences of indebtedness enumerated by this subdivision may be held directly, or in the form of repurchase agreements collateralized by such debt securities, or in the form of securities of any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio of such investment company or investment trust is limited to such evidences of indebtedness, or repurchase agreements collateralized by such debt securities, or securities of other such investment companies or investment trusts whose portfolios are so restricted.

3. Stocks, bonds, notes and other evidences of indebtedness of any state of the United States upon which there is no default and upon which there has been no default for more than ninety days; provided, that within the twenty fiscal years next preceding the

making of such investment, such state has not been in default for more than ninety days in the payment of any part of principal or interest of any debt authorized by the legislature of such state to be contracted.

4. Stocks, bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body in the Commonwealth upon which there is no default; provided, that if the principal and interest be payable from revenues or tolls and the project has not been completed, or if completed, has not established an operating record of net earnings available for payment of principal and interest equal to estimated requirements for that purpose according to the terms of the issue, the standards of judgment and care required in Article 2 (§ 26-45.3 et seq.) of Chapter 3 of Title 26, without reference to this section, shall apply.

   In any case in which an authority, having an established record of net earnings available for payment of principal and interest equal to estimated requirements for that purpose according to the terms of the issue, issues additional evidences of indebtedness for the purposes of acquiring or constructing additional facilities of the same general character that it is then operating, such additional evidences of indebtedness shall be governed by the provisions of this section without limitation. Securities must be rated by at least two of the three following rating agencies with ratings of at least: Aa or higher for Moody's, AA or higher for Standard and Poor's, AA or higher for Fitch.

   Commented [ML1]: Imposes a higher standard than required in the Code of Virginia.

5. Legally authorized stocks, bonds, notes and other evidences of indebtedness of any city, county, town or district situated in any one of the states of the United States upon which there is no default and upon which there has been no default for more than ninety days; provided, that (i) within the twenty fiscal years next preceding the making of such investment, such city, county, town or district has not been in default for more than ninety days in the payment of any part of principal or interest of any stock, bond, note or other evidence of indebtedness issued by it; (ii) such city, county, town or district shall have been in continuous existence for at least twenty years; (iii) such city, county, town or district has a population, as shown by the federal census next preceding the making of such investment, of not less than 25,000 inhabitants; (iv) the stocks, bonds, notes or other evidences of indebtedness in which such investment is made are the direct legal obligations of the city, county, town or district issuing the same; (v) the city, county, town or district has power to levy taxes on the taxable real property therein for the payment of such obligations without limitation of rate or amount; and (vi) the net indebtedness of such city, county, town or district (including the issue in which such investment is made), after deducting the amount of its bonds issued for self-sustaining public utilities, does not exceed ten (10) percent of the value of the taxable property in such city, county, town or district, to be ascertained by the valuation of such property therein for the assessment of taxes next preceding the making of such investment; and (vii) where the rating by two of the three following rating agencies is: Moody's Aa or higher, Standard and Poor's AA or higher and Fitch AA or higher.

   Commented [ML2]: Imposes a higher standard than required in the Code of Virginia.

6. Savings accounts or time deposits in any bank or savings and loan association within the Commonwealth of Virginia, providing such bank or savings and loan association is a "qualified public depository". Such savings accounts or time deposits must meet the collateralization requirements as set forth in the Virginia Security for Public Deposits Act and the regulations of the State Treasury Board. The collateral must be a security or securities allowable as a direct investment with a market value of not less than fifty percent of the deposit amount where the depository is a commercial bank and

not less than one hundred percent of the deposit amount where the depository is a savings and loan or savings bank. This collateral must be pledged to the Treasury Board and held by the Board in its designated trust depository or another depository approved by the Board (§58.1-3149 and §2.2-4400).

7. Repurchase agreements which are collateralized with securities that are approved for direct investment. The Treasurer may require that physical possession of the collateral be taken (§2.2-4507). Physical possession must be taken when the term of the repurchase agreement exceeds ten (10) days. The Treasurer shall execute a master repurchase agreement with the bank or broker/dealer, which is the counterparty to the repurchase transaction prior to entering into any repurchase transaction.

8. Banker's acceptances from "prime quality" institutions. Prime quality shall be as determined by one or more nationally recognized rating agencies (§2.2-4504).

9. "Prime quality" commercial paper (§2.2-4502). "Prime quality" shall be as rated by at least two (2) of the following: Moody's Investors Service, Inc., within its NCO/Moody's rating of P1, by Standard & Poor's, Inc., within its rating of A-1, by Fitch Investor's Services, Inc., within its rating of F-1, by Duff and Phelps, Inc., within its rating of D-1, or by their corporate successors (§2.2-4502.3).

10. "High quality" corporate notes (§2.2-4510). High quality shall be defined as a rating of at least AA by Standard and Poor's, at least Aa by Moody's ~~and at least AA/F1 by Fitch~~ and a maturity of no more than five (5) years. All investments should be rated by at least two rating agencies.

11. Certificates representing ownership in either treasury bond principal at maturity or its coupons for accrual periods. The underlying United States Treasury bonds or coupons shall be held by a safekeeping agent independent of the seller of the certificates (§2.2-4505).

12. The Local Government Investment Pool (LGIP). Investments in this pool are subject to the rules and regulations as set forth by the Virginia Department of the Treasury which manages the pool (§2.2-4602). The CFO shall, on a continual basis, monitor the management and operations of the LGIP.

13. The State Non-Arbitrage Pool (SNAP). Investments in this pool are limited to unexpended proceeds from the issuance of bonds, the interest on which is subject to rebate under the provisions of the Tax Reform Act of 1986 (§2.2-4700), and reserve accounts directly related to the issuance of debt or other credit agreement.

14. Open-end mutual funds, provided the funds are registered under the Security Act of Virginia or the Federal Investment Act of 1940 and that the investments by such Funds are restricted to the same securities as approved for direct investments (§2.2-4508).

15. Negotiable certifications of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least A-1 by Standard & Poor's, P-1 by Moody's Investor Service, Inc., ~~A-1, by Fitch Investor's Services, Inc.,~~ and F-1, by Duff and Phelps, Inc., for maturities of one year or less, and a rating of at least AA by Standard & Poor's and Aa by Moody's Investor Service, Inc., for maturities over one year and not exceeding five years (§2.2-4509).

Commented [ML3]: Remove reference to Fitch Ratings as it is not referenced in the Code of Virginia.

Commented [ML4]: Remove reference to Fitch Ratings as it is not referenced in the Code of Virginia

16. Non-negotiable certificates of deposit of banks certified as qualified to hold Virginia Public Deposits.

DIVERSIFICATION & MATURITIES

The CFO will diversify holdings of the investment instruments to avoid incurring unreasonable risk inherent in over-investing in any specific instruments or class of instruments, individual financial institution or maturity schedule; while attaining market average rates of return.

Length and allowable percentage of instruments maturity scheduling shall be timed according to anticipated need. Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures as well as considering sizable blocks of anticipated revenues.

If a legally authorized stock, bond, note or other evidence of indebtedness of any city, county, town or district situated in any one of the states of the United States has a PUT option which requires the issuer of the instrument to return all principal and accrued interest within 30 days of the exercise of the PUT option, than the maturity of that instrument will be considered the PUT option not the stated maturity of the instrument.

The table below shows the maximum length and maximum portfolio composition of each investment class:

Class	Length	Percent of total portfolio & cash
Stocks, bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia	60 months or less	75%
Stocks, bonds, notes and other evidences of indebtedness of the United States	60 months or less	100%
Stocks, bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth of Virginia	36 months or less	75%
Legally authorized stocks, bonds, notes and other evidences of indebtedness of any city, county, town or district situated in any one of the states of the United States.	36 months or less	75%
Savings accounts or time deposits (CDs) in any bank or savings and loan association within the Commonwealth of Virginia	24 months or less	60%
Repurchase Agreements	12 months or less	20%
Banker's Acceptances	12 months or less	10%

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Class	Length	Percent of total portfolio & cash
Prime Quality Commercial Paper	270 days or less	35% with a 5% per issuer limit
High Quality Corporate Notes	36 months or less	50%
Certificates representing ownership in either treasury bond principal at maturity or its coupons for accrual periods	36 months or less	25%
The Local Government Investment Pool (LGIP)	N/A	100%
Open End Mutual Funds	N/A	Maximum 20% in any one fund. Prior 3 year history must exceed internal performance by 25bps, net of mgmt fee.
The State Non-Arbitrage Pool (SNAP)	N/A	100% of bond proceeds or debt related reserve account
Negotiable certificates of deposit and negotiable bank deposit notes	24 months or less	25%
External Management Contract	3 years or less	25% of net balance of pooled investments, using lowest portfolio amount as target point. Prior 3 year history must exceed internal performance by 25bps, net of mgmt fee.

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DELIVERY REQUIREMENTS

Collateral for savings and time deposits shall be pledged according to the provisions of the Security for Public Deposits Act and the requirements of the State Treasury Board regulations.

All securities will be purchased on a delivery versus payment basis.

The Authority must designate one or more institutions to act as custodian for all non-depository investments. Such institutions must be qualified to do business in the State of Virginia as banks or trust companies. Delivery to the designated trustee, in lieu of physical possession, meets these delivery requirements.

VII

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Monica Backmon, Executive Director

SUBJECT: FY2020 Operating Budget Guidance

DATE: February 15, 2019

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1. **Purpose:** To present for discussion and to receive guidance from the Northern Virginia Transportation Authority (NVTA) Finance Committee, the FY2020 NVTA Base Operating Budget and proposed budget initiatives as outlined below. The following changes are keyed to the expenditure categories in Attachment 1, Budget Note columns.

2. **FY2020 Operations Base Budget Changes:**
   - **A. Personnel Expenditures:**
     - **1.** Salaries-Regular Pay:
       - Performance based staff compensation changes will be budgeted based on the average annual increases adopted by NVTA member jurisdiction's FY2020 budgets and those of other Authorities and Commissions in Northern Virginia.
       - Member jurisdictions have not finalized their FY2020 budgets. Therefore, a 4% increase is proposed to be programmed in the base budget for estimation purposes.
       - Maximum average annual performance increases will be in line with member jurisdictions. An analysis will be undertaken once jurisdictions have passed their FY2020 Operating Budgets.

     - **2.** Health & Dental Benefits:
       - NVTA's benefit rate increases/decreases are based on the experience (claims) of the Commonwealth's, The Local Choice, participant pool of approximately 60,000 employees, retirees and family members.
       - NVTA experienced an 11.43% increase in benefit premiums during the FY2019 budget process.
       - The FY2020 base budget assumes an additional 5% increase in health premiums. The actual renewal rate will not be available until May.
       - For FY2020 staff members may elect NVTA coverage changes during the open enrollment period, any elections are unknown at this time and not budgeted.

3. **Retirement VRS:**
   - Based on NVTA's most recent VRS actuarial study, the FY2019 and FY2020 contribution rate is 7.50%.
   - The next VRS actuarial study will be completed and the contribution rate updated for FY2021.

4. **Life & Disability Insurance:**
   - This insurance type is priced using salaries and age tiers, NVTA employees are moving into higher age tiers.

B. Professional Service Changes:

5. **Audit & Accounting Services:**
   - Previously contracted rate increase of $1,000 of audit services included in this budget line.

6. **Insurance:**
   - NVTA's general liability, causality, cyber, officers and directors insurance renewal rates will not be available until after June 2019. The FY2020 base budget includes an estimated 5% increase above the FY2019 renewal.

7. **Public Outreach & Regional Event Support:**
   - For FY2020, $20,000 has been added to fund the cost of an expanded, follow-up to the recent Chmura Economics & Analytics, Economic Impact Study that will be expended to show the impacts of Authority funded transportation project implementation and use within Northern Virginia and the Commonwealth as a whole. Previously, this was funded at $8,810 through expense cutting in other cost areas and only covered the impact of project funding, not use.
   - Budget for Public Hearings is reduced by $2,000.
   - Graphic design and printing cost for the Annual Report is expected to increase by $1,000.

8. **Legal Services/Bond Counsel:**
   - Bond Counsel is the only legal service obtained under this budget line. This line was previously reduced to $25,000 based on prior cost experience with the expectation additional fees would be added to the cost of future debt issuances.
   - During the FY2019 budget process, the Committee was informed of the unexpected level of consultation required with bond counsel due to the proposed 2018 General Assembly actions. At the time staff expected the $25,000 budget line to be exceed by $20,000 or more with the excess being covered by the Operating Reserve. The budget line was actually exceeded by $28,166 in FY2018.
   - The FY2019 budget was increased $40,000 to replenish the Operating Reserve fromFY2018 and to provide additional resources for FY2019.

- For FY2020, staff recommends decreasing this budget line back to $25,000, and employing the same technique as used in FY2018 should the FY2020 General Assembly Session require additional services.

9. Financial Advisory Services:

During FY2018, a new contract was executed for Financial Advisory Services reducing the annual retainer to $35,000 per year.

- During the FY2019 budget process, the Committee was informed of the unexpected level of consultation required for Financial Advisory Services due to the proposed 2018 General Assembly actions. At the time staff expected the $35,000 budget line to be exceed by $20,000 or more with the excess being covered by the Operating Reserve. The budget line was actually exceeded by $28,750 in FY2018.
- The FY2019 budget was increased $40,000 to replenish the Operating Reserve from FY2018 and to provide additional resources for FY2019.
- For FY2020, staff recommends decreasing this budget line back to $35,000, and employing the same technique as used in FY2018 should the FY2020 General Assembly Session require additional services.

C. Technology/Communications:

10. General Ledger/Financial Reporting & Investment Monitoring/Management Systems:

- One November 8, 2018, the Finance Committee recommended and the Authority approved a budget adjustment to transfer $35,781 from the Operating Reserve to obtain/implement Investment Management and Monitoring Services tools, specifically Bloomberg Anywhere with Real Time Pricing and Inter Continental Exchange (ICE) Best Ex Vantage Subscription during FY2019.
- The FY2020 budget includes $35,781 to replenish the FY2019 Operating Reserve.
- The annual ongoing costs of $48,210 for the Bloomberg and ICE investment monitoring and management services has been included in the FY2020 budget.
- The budget line also includes the annual costs for:
  - Black Mountain, the General Ledger/Financial Reporting System
  - Tracker, the Portfolio Management System.

11. IT Support Svc & Hosting: NVTA contracts with a third party provider to host, manage, monitor and support the email, networking and workstation needs of the office.

- This budget line includes a one-time contract increase of 7.5% effective 11/1/2019 to extend the contract for three additional years with the current service provider. The cost escalates once every three years with no further escalation during the three year period. Increases in the number and capacity of

servers, computer memory capacity, workstations and processing capacity, increase fees incrementally.

- Effective with FY2020, the budget line includes the annual licensing costs of $851 for staff use of Adobe Acrobat software. Adobe changed their licensing requirements which prevented the transfer of existing Adobe licenses to replacement workstations. The category also includes NVTA's Cox internet connection at $185/mo.

12. GIS/Project Monitoring & Management/Modeling:

- The FY2019 Budget included $60,000 for Phase 1 of the Project Implementation, Monitoring and Management System. Phase 1 is the development of an Online Application Form replacing an MS Excel based form.
- Phase 1 is scheduled to be fully implemented by June 2019. The automated application system will be available for the anticipated July 2019, Call for Regional Transportation Projects for the FY2024/FY2025 update to the SYP.
- As discussed during the FY2019 budgeting process, Phase 2 and Phase 3 will be implemented during the FY2020 budget cycle.
- Phase 2, Project Status Monitoring has been added to the budget with a one-time cost of $57,500. The Project Status Monitoring component will streamline the currently manual process that uses MS Office. Phase 2 will enhance a critical programmatic responsibility to ensure that the Authority's 122 regional projects which increase every two years, deliver their intended scope, on schedule, and within budget.
- The Project Status Monitoring phase will permit project sponsors to submit more detailed and timely updates for projects which will facilitate the monitoring process and provide increased transparency consistent with NVTA's consistent with NVTA's priorities.
- Phase 3, Online Dashboard has been added to the FY2020 budget with a one-time cost of $57,500. The Online Dashboard, designed for public use, will include all programmatic oversight details including project progress, fund utilization, public meetings, and other details including GIS-based reporting.
- Other than the Authority's annual report, NVTA provides limited visualizations of project status information. The NVTA website does provide an interactive mapping tool, containing some project status information. However, most information is historic and in a non-visual format (tabular or spreadsheet), with limited interactive capabilities.
- The FY2020 budget for this line item also includes $25,000 for the Annual Maintenance cost for all three phases of PIMMS listed above. This cost includes the hosting cost for PIMMS for the first year.
- This budget line also includes the annual GIS maintenance contract cost and the IT costs of installing the routine GIS updates.

13. Web Development & Hosting:

- This category includes the maintenance and support costs for the Authority and Transaction websites. It also includes costs for the Social Media services added during the FY2019 budget process.
- The 5 year web domain registration costs of $900 and $2,500 to adjust the Web site for expected changes has been added for FY2020.

D. Administrative Expenses:

14. Dues & Subscriptions, Professional Development, and Industry Conferences:

- The Professional Development/Training and Industry Conference accounts have been merged into a single general ledger account for the FY2020 budget to facilitate ongoing reporting.
- The FY2020 budget for Memberships & Subscriptions is projected to increase $1,950 due to the addition of an APTA and Public Relations membership.
- Professional Development, Training and Conferences category is expected to increase $2,500 due to the addition of a Government Social Media conference deemed valuable to enhance NVTA's communications plan.

15. Office Lease:

- NVTA's office lease with NVRC has an annual escalation of 2.5%. The current lease expires in October 2019. As reviewed with the Committee at the September 2018 meeting, the expectation is to renew the lease with NVRC utilizing similar contract terms.

E. Operating Reserve:

16. The NVTA Debt Policy requires a 20% Operating Reserve. Changes in the base budget result in year-to-year changes in this reserve.

F. Equipment Replacement Reserve:

17. Effective with the FY2017 Operating Budget the Authority approved an Equipment Replacement Reserve to be funded at $4,500 per year. This reserve recognizes that virtually all the Authority equipment and furnishings were purchased and placed in service at the same time. This reserve is designed to provide funding for replacements over time.

- In June 2018, 4 of the 6 initially purchased laptops had to be replaced due to inconsistent performance at a cost of $8,711.
- In August 2018 an additional laptop was replaced.
- The FY2020 budget includes the $4,500 annual equipment reserve allocation plus $8,700 to replenish the reserve for the FY2018 expenditures.
- The budgeted purchase of a GIS plotter was postponed due to an agreement with NVRC to share their existing plotter. The $9,000 amount allocated for the plotter was added to the equipment reserve in FY2018.

- The plotter has been experiencing issues and is expected to be replaced using the funds in the Equipment Reserve in FY2019.

3. **FY2019 Proposed Budget Initiatives:**
Attachment 1 shows three initiatives proposed for FY2020. These include, additional resources for Public Outreach & Regional Event Support (note 20), one additional finance position (note 21) and two additional planning positions (note 22). The full costs of adding the positions include compensation, technology, office space and administrative overhead costs are noted in Attachment 1.

20. Public Outreach & Regional Event Support:

- Photography services is requested to increase $3,000 to $4,500 to enable the Authority staff, in coordination with project sponsors, to begin capturing high quality photographs and video of regionally funded projects for use in the Annual Report and other outreach efforts.
- Staff is proposing increasing the budget $1,250 for ground breaking, ribbon cutting and outreach commemorative items.
- Staff is proposing increasing the budget for the Annual Report by $6,000 in order to enhance the graphics and produce a video highlights package to be available to citizens and regional partners. Regional partners can then include the digital version on their websites, newsletters and re-share on social media.

21. Financial Analyst Position Request Justification. The NVTA finance team is currently comprised of three staff members; Chief Financial Officer, Assistant Finance Officer and the Investment and Debt Manager. All staff members in both finance and planning undertake their own clerical and support functions for their related professional duties. The finance team supports all administrative duties of the Authority.

Maintaining Excellent Professional Standards

The day to day operational demands of the Authority are making it difficult to meet the emerging demands of a multi-billion dollar operation with a finance team of three. For example:

- Initial efforts to develop the draft of Policy 29 – Project Activation, Monitoring and De-Appropriation, requested by the Finance Committee, started in May 2017. Policy development has been delayed due to competing priorities until February 2019.
- Separation of duties as an internal control mechanism has become increasingly difficult due to the increase in transaction volume and value. As demonstrated by:
    - Investments alone will require 71 transactions to place $356.4 million buy orders at $5 million each in FY2019.

- These investment transactions will trigger 107 Tracker Portfolio System Transactions, and; approximately 200 General Ledger transactions. This in in addition to approximately 300 transactions which have been automated through interfaces between the Tracker Portfolio System and the General Ledger.

- Based on an average project reimbursement request of $394,000:
  - 1,423 reimbursement valued at $560 million are expected in support of the FY2014 through FY2017 funding programs.
  - 727 reimbursements valued at $286 million are backlogged from their original SPA expenditure schedule, making workload planning very unpredictable.
  - The SYP will generate an estimated 1,332 reimbursement requests valued at $525 million, just for FY2019 appropriations.
  - All reimbursements require review by a Planner and the Assistant Finance Officer prior to being presented for CFO approval and payment.
  - Reimbursements require up to date certificates of insurance (COI) among other verification requirements. Monitoring just COIs and coordinating compliance with project sponsors is currently taking an extraordinary amount of NVTA staff time. This is one example of the items that have to be verified on each reimbursement.
  - NVTA has made a commitment to attempt to turn reimbursement requests around in 20 days.
- Several jurisdictions have indicated they will be using their 30% Local Distribution Funds to increase staffing. It is hoped that this will expedite project progress with a resulting increase in project reimbursements and completions.
- Jurisdictions staffing increases through the use of 30% funds will increase the demands on the Authority staff in:
  - Responding to questions on appropriate use of 30% and 70% funds.
  - Increased complexity in 30% fund annual certifications.
  - Generate strategy discussions on navigating project changes while maintaining compliance with Authority approved project scopes and annual 30% certification compliance.
  - Maintaining and updating relevant policies and procedures as the transportation project environment evolves.
- NVTA finance team members, by the nature of their positions are responsible for Authority financial policies related to:
  - Debt (Policy 9)
  - Financial Management (Policy 10)
  - Investments (Policy 13)
  - Continuing Disclosure (Policy 21)
  - Tax Compliance (Policy 23)

- NVTA Finance Team members are required to maintain licenses and certifications and keep professional skills current. Meeting annual Continuing Professional Education (CPE) credit requirements is becoming increasingly difficult. While many of these courses are online, they require interactive responses during the course to ensure attentiveness and earn required CPE credits.
- Meeting workload demands, while maintaining license, certification and professional requirements has become progressively problematic. Therefore, the ability of staff to maintain current professional standards has become weakened.

Ballooning Workload/Long Term Responsibilities

- NVTA's finance team has to monitor adopted projects (represented in individual SPAs) throughout their economic life. For many projects the economic life is measured in decades and includes:
- 27 formally closed SPA's valued at $110 million.
- 6 bond funded projects valued at $74.6 million, each requiring additional individual annual reviews until calendar year 2034.
- 49 active SPAs valued at $560 million.
- Total requests for reimbursement are estimated 2,755 (all funding programs).
- 17 anticipated appropriations for FY2020 SYP plan year of $537.6 million
    - With 3 current requests to advance appropriations of $32.7 million from FY2021 planned appropriations to FY2020.
- 11 remaining planned appropriations for FY2021/23 valued at $220.5 million.
- Development of a SYP, two year update funding strategy, when 83% of the FY2018/23 SYP funding strategy is front loaded to FY2019/20 appropriations to provide maximum project advancement opportunities while eliminating the need for outside financing. (A strategy which saved $194 million in debt service costs.)

Single Points of Failure

- NVTA's financial operation has too many single points of failure, with only a marginal ability to mitigate for a short period of time. For example:
- This was demonstrated when the June 2018 retirement of the Investment and Debt Manager required the suspension of investment portfolio purchases and maturity reinvestments for 4 months.
- Given the expected volume of investment maturities ($180 million in six months in FY2019), suspending investment activities for three months during that six month period this fiscal year would result in a $640,000 decrease in portfolio earnings.
- A long term, 2 week, unscheduled inability of the Assistant Finance Officer to attend to duties would require the refocusing of the CFO's efforts within 10 calendar days to just support:
    - Payroll & Staff Benefits
    - General Accounting

- Project reimbursement disbursements
- Debt service payment transfers.
- Depending on the time of month/time of year local distribution fund disbursements (11 transactions, valued at $6.7 million monthly, or 132 transactions valued at $77.7 million annually) would need to be suspended.

- Depending on time of year and or fiscal cycle outside accounting support would be required for:
- Financial statement preparation
- External audit support
- Tax filing compliance

22. Regional Transportation Planner Position Request Justification (Two Positions)

The request for two Regional Transportation Planner positions is presented as an executive summary below and in full detail in Attachment 2.

- **Executive Summary, Overview**
  - Transportation planning (TransAction) and programming Six Year Program (SYP) are widely recognized as NVTA's two primary responsibilities.
    - By extension, these responsibilities are therefore the primary responsibilities of the Authority's three person transportation planning team.
    - These responsibilities include Standard Project Agreement (SPA) and project oversight and reporting, reimbursement requests, project evaluations, consultant oversight, committee support, and many other regionally focused responsibilities.
  - In addition to TransAction and the Six Year Program, NVTA's transportation planning staff have numerous secondary responsibilities, consistent with NVTA's role as the regional transportation planning entity for Northern Virginia.
    - These include coordination of monthly transfers and annual program funding coordination related to Federal funding through CMAQ and RSTP.
    - Planning staff have significant roles in the development of NVTA's Annual Report and the annual Joint Commission on Transportation Accountability (JCTA) report, and planning and execution of the Annual NoVA Transportation Roundtable, in conjunction with ITS Virginia.
- **Achieving TransAction and Six Year Program Updates Expectations**
  - The next Six Year Program update cycle (July 2019 thru June 2020) will overlap with preparatory and early procurement activities for the next TransAction update.
  - The subsequent Six Year Program update cycle (July 2021 thru June 2022) will fully overlap with development of the next TransAction update. Compounding this challenge is an expanding workload, driven by an increasing portfolio of approved SPAs/projects, and the addition of new responsibilities and enhanced service offerings.
  - Previously, these activities were done in sequence. In the future major portions of these responsibilities will be occurring concurrently. This will make FY2020 (and FY2021 thru FY2022) busier for the Authority's transportation planning staff than any of the past several years.

- **Maintaining Excellence**
  - While NVTA's transportation planning staff have accomplished much since 2014, oftentimes this has been achieved by placing significant task responsibilities on single individuals, with little or no staff backup.
  - Extended staff absence due to sickness, family illness, jury service, planned vacation, or other unforeseen events at critical points in time such as FOIA requests and computing and/or communications disruptions can lead to single points of failure that can only be mitigated for short periods of time and create risks for the Authority.
  - These risks jeopardize being able to complete TransAction updates and Six Year Program Updates concurrently.
  - While NVTA has been fortunate in avoiding extended staff absences to date, the loss of an individual who has sole responsibility for an activity will be detrimental to continuity of business operations.
  - The Authority is vulnerable to the increasing possibility of:
    - Schedule delays and decline in robustness of analyses and related recommendations associated with TransAction and the Six Year Program;
    - Incorrect, inaccurate, and delayed payment of reimbursement requests;
    - Delays to non-urgent tasks, potentially for extended periods of time; and
    - Work-life balance may be negatively affected, leading to staff recruitment and retention challenges. This in turn will reduce the institutional knowledge and operational efficiency of the team.
  - Work-balancing actions are underway to achieve a degree of resiliency in the transportation planning team. Continuity of business operations is also being addressed. However, with just three planners covering such a wide range of primary and secondary responsibilities, two additional planners are now required to avoid jeopardizing the ability to maintain five-year and two-year update cycles for TransAction and the Six Year Program respectively.

Next Steps: With the Finance Committee guidance, NVTA staff will continue meeting and discussing the proposed budget initiatives with jurisdictional staff, with a presentation at the March 21, 2019 Finance Committee.

Attachments:
1. Base/Proposed FY2020 Operating Budget
2. Regional Transportation Planner Position Justification

Attachment 1

Northern Virginia Transportation Authority
Base/Proposed FY2020 Operating Budget

INCOME:	Adopted Budget FY2019	Proposed Base Budget FY2020	Budget Note	Proposed Budget w/FY2020 Initiatives	Budget Note
Budget Carryforward including Operating Reserve	$ 394,081	$ 444,138		$ 444,138	
330100 Contribution Member Jurisdiction	2,203,248				
330000 Other Income					
Total Income	**$ 2,597,329**	**$ 444,138**		**$ 444,138**	
EXPENDITURES:	**Adopted Budget FY2019**	**Proposed Base Budget FY2020**	**Budget Note**	**Proposed Budget w/FY2020 Initiatives**	**Budget Note**
410000 Personnel Expenditures					
110 Salaries-Regular Pay	$ 1,151,522	$ 1,209,032	1	$ 1,474,032	21/22
130 Health & Dental Benefits	160,224	168,235	2	243,109	21/22
131 Payroll Taxes	88,241	92,579	1	112,878	21/22
132 Retirement VRS	90,687	98,053	3	120,377	21/22
133 Life Insurance	14,998	15,752	4	19,223	21/22
134 Flex Spending/Dependent Care	685	685		874	21/22
135 Workers Comp	1,267	1,330	1	1,621	21/22
137 Disability Insurance	16,641	15,154	4	16,654	21/22
Personnel Subtotal	$ 1,524,265	$ 1,600,820		$ 1,988,769	
420000 Professional Service					
210 Audit & Accounting	$ 28,500	$ 29,500	5	$ 29,500	
220 Bank Service	750	750		750	
230 Insurance	5,905	6,081	6	6,081	
240 Payroll Service	1,800	1,826		2,606	21/22
260 Public Outreach & Regional Event Support	37,500	56,500	7	66,750	20
261 Legal Services/Bond Counsel	65,000	25,000	8	25,000	
262 Financial Advisor Services	75,000	35,000	9	35,000	
263 Bond Trustee Fees	2,700	2,700		2,700	
264 Legislative Services	62,000	62,000		62,000	
265 Investment Custody Fees	25,000	25,000		25,000	
Professional Subtotal	$ 304,155	$ 244,357		$ 255,387	
430000 Technology/Communication					
310 GL Financial Reporting & Invest Monitoring/Mgt Systems	$ 16,500	$ 98,631	10	$ 98,631	
320 HW SW & Peripheral Purchase	-	-		5,600	21/22
330 IT Support Svc Incl Hosting	19,631	20,806	11	23,254	21/22
335 GIS/Project Monitoring & Management/Modeling	69,316	150,232	12	150,232	
340 Phone Service	7,920	7,920		10,116	21/22
350 Web Development & Hosting	7,897	9,756	13	9,756	
Subtotal Technology/Communication	$ 121,264	$ 287,345		$ 297,589	
440000 Administrative Expenses					
410 Advertisement	$ 1,500	$ 1,500		$ 1,500	
411 Memberships & Subscriptions	6,890	8,844	14	10,544	21/22
412 Duplication & Printing	15,640	16,640		16,640	
413 Furniture & Fixture	-	-		8,100	21/22
414 Hosted Meetings	3,600	3,780		3,780	
415 Mileage/Transportation	10,950	10,950		11,450	21/22
416 Misc Expenses	-			-	
417 Office Lease	138,406	142,161	15	188,761	21/22
418 Office Supplies	6,400	7,465		8,065	
419 Postage & Delivery	700	700		700	
420 Professional Develop, Training & Conferences	19,420	21,950	14	23,650	21/22
Subtotal Administrative Expenses	$ 203,506	$ 213,990		$ 273,190	
Expenditure Subtotal	2,153,190	2,346,512		2,814,934	
Operating Reserve (20%)	$ 430,638	$ 469,302	16	$ 562,987	16
Equipment Replacement Reserve	13,500	26,986	17	$ 26,986	
Reserve Subtotal	444,138	496,288		589,973	
Total Expenditures	**$ 2,597,329**	**$ 2,842,800**		**$ 3,404,907**	
Cost Allocations	**$ 2,203,248**	**$ 2,398,662**		**$ 2,960,769**	

Member Jurisdiction Support	FY2019 Adopted Budget Amounts*	FY2020 Base Budget Amounts*	Budget Note	Proposed Budget w/FY2020 Initiatives	Budget Note
Arlington County	$ 212,173	$ 230,991		$ 285,122	
Fairfax County	1,021,646	1,112,260		1,372,909	
Loudoun County	338,639	368,674		455,070	
Prince William County	400,991	436,557		538,860	
City of Alexandria	144,313	157,112		193,930	
City of Fairfax	20,931	22,787		28,127	
City of Falls Church	12,779	13,912		17,172	
City of Manassas	37,676	41,017		50,629	
City of Manassas Park	14,101	$ 15,351		18,949	
	$ 2,203,248	$ 2,398,662		$ 2,960,769	

Revised: 2/13/2019

***Source Weldon Cooper 2015 Population Estimate percentage:**

Cost Allocations are based on the 2015 Population Estimates published on January 27, 2016 by Weldon Cooper Center for Public Service

Attachment 2

Regional Transportation Planner Position Request Justification (Two Positions)

Executive Summary
Overview
Transportation planning (TransAction) and programming Six Year Program (SYP) are widely recognized as NVTA's two primary responsibilities. By extension, these responsibilities are therefore the primary responsibilities of the Authority's three person transportation planning team. These responsibilities include Standard Project Agreement (SPA) and project oversight and reporting, reimbursement requests, project evaluations, consultant oversight, committee support, and many other regionally focused responsibilities.

In addition to TransAction and the Six Year Program, NVTA's transportation planning staff have numerous secondary responsibilities, consistent with NVTA's role as the regional transportation planning entity for Northern Virginia. These include coordination of monthly transfers and annual program funding coordination related to Federal funding through CMAQ and RSTP. Planning staff have significant roles in the development of NVTA's Annual Report and the annual Joint Commission on Transportation Accountability (JCTA) report, and planning and execution of the Annual NoVA Transportation Roundtable, in conjunction with ITS Virginia.

Achieving TransAction and Six Year Program Updates Expectations
The next Six Year Program update cycle (July 2019 thru June 2020) will overlap with preparatory and early procurement activities for the next TransAction update. The subsequent Six Year Program update cycle (July 2021 thru June 2022) will fully overlap with development of the next TransAction update. Compounding this challenge is an expanding workload, driven by an increasing portfolio of approved SPAs/projects, and the addition of new responsibilities and enhanced service offerings. Previously, these activities were done in sequence. In the future major portions of these responsibilities will be occurring concurrently. This will make FY2020 (and FY2021 thru FY2022) busier for the Authority's transportation planning staff than any of the past several years.

Maintaining Excellence
While NVTA's transportation planning staff have accomplished much since 2014, oftentimes this has been achieved by placing significant task responsibilities on single individuals, with little or no staff backup. Extended staff absence due to sickness, family illness, jury service, planned vacation, or other unforeseen events at critical points in time such as FOIA requests and computing and/or communications disruptions can lead to single points of failure that can only be mitigated for short periods of time and create risks for the Authority. These risks jeopardize being able to complete TransAction updates and Six Year Program Updates concurrently.

While NVTA has been fortunate in avoiding extended staff absences to date, the loss of an individual who has sole responsibility for an activity will be detrimental to continuity of business operations. The Authority is vulnerable to the increasing possibility of:

- Schedule delays and decline in robustness of analyses and related recommendations associated with TransAction and the Six Year Program;
- Incorrect, inaccurate, and delayed payment of reimbursement requests;
- Delays to non-urgent tasks, potentially for extended periods of time; and

- Work-life balance may be negatively affected, leading to staff recruitment and retention challenges. This in turn will reduce the institutional knowledge and operational efficiency of the team.

Work-balancing actions are underway to achieve a degree of resiliency in the transportation planning team. Continuity of business operations is also being addressed. However, with just three planners covering such a wide range of primary and secondary responsibilities, two additional planners are now required to avoid jeopardizing the ability to maintain five-year and two-year update cycles for TransAction and the Six Year Program respectively.

Proposed Planner Staffing Detail
Primary Responsibilities
Transportation planning and programming are widely recognized as NVTA's two primary responsibilities. By extension, these responsibilities are therefore the primary responsibilities of the Authority's transportation planners, and include:

- **TransAction:** the Authority's long range, multi-modal transportation plan for Northern Virginia. The current version was adopted in October 2017. TransAction is updated on a five-year cycle. The Authority can only allocate regional revenues to projects that are included in TransAction.
    - TransAction is both fiscally and geographically unconstrained, meaning it includes regional projects that are critical to addressing future travel demand in Northern Virginia, even if their cost exceeds the Authority's direct funding resources and they are located beyond Northern Virginia. It is noted that TransAction includes 352 regional projects with an estimated total cost of $43.2 billion.
    - Consistent with transportation planning agencies in metropolitan and other areas across the nation, greater emphasis will be required in the next TransAction update on emerging, technology-driven travel behavioral trends.
    - Development of the next TransAction plan will be necessarily more complex and extensive than the current version, due in part to the need for more sophisticated analysis, and higher levels of engagement. Consequently, TransAction may be contractually divided into two separate but integrated components – a technical services contract and a public engagement services contract.
    - Pre-contract preparatory activities for the next update are already underway. Formal procurement activities will begin in spring 2020 (FY2020) with consultant selection in fall 2020 (FY2021). Adoption must occur by the end of calendar year 2022 (FY2023) in order to maintain the five-year schedule.
- **Six Year Program:** This is the Authority's program that prioritizes the allocation of regional revenues to the highest performing regional projects. The Authority adopted its first full Six Year Program in June 2018 (using six years of regional revenues for FY2018 thru FY2023). Moving forward, it will be updated every two years (starting with two years of regional revenues for FY2024 and FY2025.)
    - The Six Year Program is both fiscally and geographically constrained, meaning that the Authority can only allocate funds included in its approved regional revenue budget, and selected projects must be substantially or wholly located in Northern Virginia
    - Future Six Year Program updates are expected to be even more competitive than for the inaugural Six Year Program, due to the anticipated high level of funding requests and the reduced amount of funding available. It is noted that the inaugural Six Year Program

generated applications for more than 60 candidate projects with approximately $2.5 billion in associated funding requests.

- Future Six Year Program updates will additionally need to address the 'Long Term Benefit' requirement included in HB2313. The Authority approved principles to address the Long Term Benefit requirement in December 2014. These principles must be developed into an actionable process that will, in turn, be incorporated into the project selection process.
- Long Term Benefit must move from principles to policy then procedure which will require extensive regional coordination and collaboration. This will be an entirely new activity which must occur while preparing both TransAction and SYP updates.
- Many of the above requirements necessitate the use of advanced modeling and simulation tools and extensive project evaluations in both the TransAction and Six Year Program development processes.
- Subject to future Authority action, and assuming on-time completion of the Commonwealth's current SMART SCALE cycle, the next Six Year Program update is expected to formally commence with a Call for Regional Transportation Projects (CfRTP) in early July 2019 (FY2020).
- Jurisdictions, agencies, and other eligible regional entities will have until the end of September 2019 to submit online applications (end of November 2019 for governing body resolutions) using the Authority's new Program Monitoring and Management System (PMMS).
- NVTA staff will need to conduct detailed evaluations during fall/winter calendar 2019/2020 (FY2020), followed by extensive public and committee engagement during spring 2020 (FY2020). Program adoption is scheduled for June 2020 (FY2020).
- Future updates to the Six Year Program will occur on a two year cycle, starting with a CfRTP in July 2021.

The TransAction and Six Year Program development processes are necessarily complex due to numerous requirements contained in the Virginia Code, such as the Authority's founding legislation in 2002, HB599 (2012) and HB2313 (2013).

Regional Collaboration

NVTA has an effective committee structure that fosters regional collaboration and objective inputs. The committees function through specific responsibilities to contribute in the development processes for TransAction and the Six Year Program including:

- Technical Advisory Committee (statutory)
- Planning Coordination and Advisory Committee (statutory)
- Planning and Programming Committee (standing)
- Transportation Technology Committee (advisory, reports to the ED)
- Regional Jurisdiction and Agency Coordinating Committee (advisory, reports to the ED)

It is noted that the next Six Year Program update cycle in July 2019 thru June 2020 (FY2020) will overlap with preparatory and early procurement activities for the next TransAction update. The subsequent Six Year Program update cycle July 2021 thru June 2022 will fully overlap with development

of the next TransAction update. FY2020 (and FY2021 thru FY2022) will be as busy for the Authority's transportation planning staff as any of the past several years.

In addition to overall development of TransAction and the Six Year Program, the transportation planning team's responsibilities directly related to transportation planning and programming include:

- Review and evaluation of responses to each CfRTP, including pre-submittal reviews of draft applications.
- Development of project selection recommendations.
- Development, review, and approval of Standard Project Agreements (SPAs) for each approved project. With the adoption of the Six Year Program, there are 122 SPAs, or contracts covering 95 discreet projects across the nine member jurisdictions, four of the five largest Towns, transit agencies and other regional entities.
- Identification and mitigation of project/SPA scope, schedule, and budget changes, and other risks.
- Review and approval/rejection of reimbursement requests associated with each SPA. Ultimately each SPA must be formally closed out from a financial perspective, although project oversight continues well beyond SPA financial closure.
- Attendance at all public information meetings and hearings associated with projects/SPAs.
- Participation in project/SPA technical meetings.
- SPA/project monitoring, including monthly and quarterly reviews and reporting with associated follow up actions. In the near future this will be expanded and enhanced when the phase 2 of the PMMS is complete.
- Development and maintenance of GIS-based interactive project maps on the Authority's websites.
- Update and maintain databases associated with PMMS.
- Participation in regular (approximately quarterly) regional project briefings with individual jurisdictions and agencies.
- Preparation for, and participation in, public and stakeholder engagement activities, including the Authority's Open Houses and Public Hearings, and Jurisdictional Town Hall meetings and briefings. Transportation planners are responsible for reviewing and summarizing public comments received.
- Responding to information requests from citizens and stakeholders, including FOIA requests.
- Procurement and management of consultants.
- Supporting NVTA-hosted events such as SPA development workshops.
- Supporting (and occasionally participating in) project groundbreakings and ribbon cuttings.

These three staff must coordinate the activities of the five NVTA Committees (listed above) that are engaged in TransAction and the Six Year Program. In addition, these staff are responsible for developing and presenting TransAction and the Six Year Program information and action items to the Authority.

Secondary Responsibilities

The foregoing addresses the activities of NVTA's three transportation planning staff with respect to the Authority's primary responsibilities of transportation planning and programming. However, these three staff have further responsibilities, consistent with NVTA's role as a regional transportation entity, such as:

- Coordination of monthly transfers and annual strawman related to federal funding programs (CMAQ and RSTP).

- Supporting the development of NVTA's Annual Report and the annual JCTA report, including summaries of projects funded by local (30 percent) revenues.
- Planning and execution of the Annual NoVA Transportation Roundtable, in conjunction with ITS Virginia.
- Preparation of grant requests, e.g. SMART SCALE. In FY2020, it is anticipated that NVTA's transportation planners will be involved in leading the development of the RM3P project, funded with Commonwealth ITTF funds.
- Supporting regional initiatives such as the ongoing WMATA's Bus Transformation Project, and the now-completed East-West Corridor Integrated Corridor Management project, led by VDOT.
- Supporting content updates to the Authority's website, and irregular oversight of social media.
- Supporting external communications by preparing factual content, talking points, etc. for the Executive Director and/or Communications Manager. Also supporting Communications Manager in responding to media requests for information.
- Representing the Authority by manning booths at events such as CTB meetings, or making presentations at Town Hall meetings organized by local elected officials.
- Conducting data analyses and GIS-based visualizations related to transportation trends in Northern Virginia, including the use of RITIS data, Streetlight Data, and other readily available GIS data.
- Supporting NVTA initiatives such as economic impact studies.
- Supporting the development of, and annual updates to, the Authority's Five-Year Strategic Plan.
- Monitoring of non-NVTA funding allocations to NoVA projects.
- Participation in monthly governing body and staff coordination meetings for other regional entities such as TPB, NVTC, and to a lesser extent PRTC, VRE, and WMATA.
- Coordination and participation in the regional transportation modelers group.
- Preparation of content for the bi-weekly 'Driven by Innovation' eblast.
- Responding to ad-hoc questions and information requests from jurisdiction and agency staff.
- Professional development activities, including presentations and attendance at regional, state, and national transportation conferences.

Expanding Workload/Long Term Responsibilities

NVTA's transportation planning and programming team is preparing for the next update cycles for TransAction and the Six Year Program. In FY2020, this necessitates some significant, overlapping tasks:

- Development of a Six Year Program update, with associated consultant task order for congestion reduction relative to cost analysis and, potentially, Long Term Benefit analysis.
- Development of an enhanced statement of work for the next TransAction update, and related procurement activities. Two significant inputs to the statement of work, both led by the Authority's transportation planning staff, will be:
    - Authority 'Listening Session' scheduled for September 2019
    - Review and, if necessary, Authority approval of the TransAction vision statement and associated goals. This activity is scheduled during fall 2019.
- Other pre-procurement activity by NVTA staff during FY2020 includes pre-cursor transportation modeling research and research on a variety of other pertinent topics, such as:
    - First/last mile opportunities and impacts, including non-motorized, personal motorized, micro-transit
    - Connected, Autonomous, Shared, Electric (CASE) vehicles

    - Impact of Transportation Network Companies on vehicle ownership, travel behaviors
    - Impact of Transit Signal Priority on operational performance
    - Regional demographic trends
    - Regional travel trends
- Repeat of the outsourced TransAction-related Tracking Survey, previously conducted in late 2015 and again in late 2016, targeted for November/December 2019. The updated Tracking Survey will provide important inputs to the development of an enhanced statement of work for the next TransAction update. [Note the period of performance for the current AECOM contract expires in July 2020.]
- Development of the above-mentioned supplement to the Authority's Annual Report, summarizing transportation metrics and trends in Northern Virginia. This will necessitate a number of data analyses and is ultimately expected to be integrated into the Authority's dashboard. It will likely provide an opportunity to visualize Long Term Benefit, and serve as a long term aid to understanding the impact of the Authority's regional transportation investments.
- A longer term goal for the transportation planning and programming team continues to include the development of in-house capabilities in transportation modeling. Transportation planners continue to work closely with regional and jurisdictional partners to ensure the optimal path forward is identified, with execution in FY2021. However, it is important to start to build staff capacity and capabilities in FY2020.

In addition to these new activities, the Authority's transportation planners will continue to monitor adopted projects (represented in individual SPAs) throughout their economic life. For many projects the economic life is measured in decades and includes:

- 27 formally closed SPA's valued at $110 million.
- 6 bond funded projects valued at $74.6 million which require additional annual reviews until calendar year 2034.
- 49 active SPAs valued at $560 million.
- 16 FY2019 Six Year Program (SYP) appropriated SPAs valued at $527.2 million
- 17 anticipated appropriations for FY2020 SYP plan year of $537.6 million
    - With 3 current requests to advance appropriate $32.7 million from FY2021 planned appropriations to FY2020.
- 11 remaining planned appropriations for FY2021/23 valued at $220.5 million.
- Development of a SYP, two year update funding strategy, when 83% of the FY2018/23 SYP funding strategy is front loaded to FY2019/20 appropriations to provide maximum project advancement opportunities while eliminating the need for outside financing. (A strategy which saved $194 million in finance costs.)
- Backlog of $652 million in projected but unmaterialized project reimbursements from FY2014 through February of FY2019.

It is increasingly difficult to initiate completely new tasks, unless they are closely related to primary responsibilities, such as Long Term Benefit.

Single Points of Failure
Day to day execution of these primary and secondary responsibilities currently rests with just three staff – two Transportation Planners, both reporting to a Principal.

While NVTA's transportation planning staff have accomplished much since 2014, oftentimes this has been achieved by placing significant task responsibilities on single individuals, with little or no staff backup. Extended staff absence due to sickness, family illness, jury service, planned vacation, or other unforeseen events at critical points in time such as FOIA requests and computing and/or communications disruptions can lead to single points of failure that can only be mitigated for short periods of time and create risks for the Authority. While NVTA has been fortunate in avoiding extended staff absences to date, the loss of an individual who has been solely responsible for an activity could be detrimental to continuity of business operations. For example:

- Schedule adherence for primary responsibilities is extremely vulnerable to single points of failure. For example, project management responsibilities for TransAction, the Six Year Program, and the other funding programs that preceded it have rested with a single person with no back-up in place. A single point of failure could lead to schedule delays that will affect project selection recommendations and potentially Authority adoption, management (and possibly cost) of consultant contracts, and sub-optimal engagement with citizens and stakeholders.
- The Authority has allocated almost $2 billion in regional revenues to date, using a project selection process comprising quantitative and qualitative components. Data-driven processes are only as good as the data, methodologies, and quality control on which they are based, and are particularly vulnerable to single points of failure. In order to maintain a five-year cycle for TransAction and two-year cycle for updates to the Six Year Program, it is critical that the Authority can continue to depend on robust analyses and recommendations.
- $2 billion in regional funding allocations will eventually result in the same level of reimbursement requests. Diligence and accuracy are essential in processing these requests, as is the ability to achieve or exceed the SPA-mandated 20-day payment terms. Single points of failure jeopardize correct, accurate, and timely payment of reimbursement requests.
- Allocation of NVTA's transportation planning resources is prioritized for the Authority's primary responsibilities, and other important time-sensitive needs. Consequently, non-urgent tasks can be delayed, often for extended periods of time. One example is the finalization of the detailed TransAction Technical Report, which was not completed until October 2018 – one year after adoption of TransAction – as a result of other demands on NVTA staff availability. Even now, contractual loose ends remain related to TransAction. Another example is the development of a supplement to the Authority's Annual Report summarizing transportation metrics and trends in Northern Virginia.
- Work-life balance may be negatively affected, leading to staff recruitment and retention challenges. This in turn will reduce the operational efficiency of the team.

Work-balancing actions are underway to achieve a degree of resiliency in the team. Continuity of business operations is also being addressed. However, with just three planners covering such a wide range of primary and secondary responsibilities, two additional Regional Transportation Planners are now required.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: February 15, 2019

SUBJECT: Draft Policy 29 – Project Activation, Monitoring and De-Appropriation

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I. Purpose. To seek the Northern Virginia Transportation Authority (NVTA) Finance Committee guidance on proceeding with the development of a policy regarding project activation, monitoring and funding de-appropriation.

II. Discussion.

a. The proposed policy is modeled after, and combines elements of, two previously adopted policies: Policy 24 – Standard Project Agreement (SPA) Activation and Policy 25 – FY2017 Program First Drawdown Commitment.
b. The proposed draft policy will supersede and replace both Policy 24 and Policy 25.
c. In June 2018, an early softcopy of Draft Policy 29 – Project Activation, Monitoring and De-Appropriation was circulated to member jurisdictions and transit agencies for comment.
d. Comments from all respondents (5 jurisdictions and 2 transit agencies) were consolidated, circulated and discussed at the January 2019, Regional Jurisdiction and Agency Coordinating Committee (RJACC). A summary of comments is included in Attachment 1.
e. The RJACC draft discussion of received comments was very beneficial and affirmative, resulting in the draft included as Attachment 2.
f. The draft in Attachment 2 shows changes since the last version presented to the Finance Committee in June 2018.
g. The most significant point of discussion is to reach consensus on the term Substantive Drawdown.
h. The difficulty acknowledged by everyone assisting with the policy development is to have a definition which is:
    i. Meaningful enough to act as a benchmark.
    ii. Relevant to projects of all sizes, modes and complexities.
    iii. Flexible for when the Authority funds a component of a larger project or, when a project sponsor has multiple funding sources.
    iv. Reliable over time since the Authority is funding projects which will not start for several years.

III. Next Steps. With Finance Committee guidance, NVTA staff will present the proposed changes at the next RJACC meeting (end of February). Depending on the feedback at that meeting the draft will come back to the Finance Committee at the next meeting (potentially March or April) for a recommendation to the Authority.

Attachment: Policy 29 – Project Activation, Monitoring and De-Appropriation (DRAFT)

Attachment 1

Jurisdiction/Agency	Coordinator	Comments	Initial Response
Prince William County	Paolo Belita	Will specific dates be set when appendix B's need to be updated.	Due to the variations among projects and their timelines this would be difficult to set. Too much variation for a policy level specification. They should be updated on a need basis not a calendar cycle.
Arlington County	Rich Roisman	Clarify/Define 'substantive' progress/drawdown. (percent, fixed or range) or state NVTA ED discretion	Agree for discussion at RJACC. Lots of pro and cons to making specific
		Will expenditure of non NVTA resources need to be documented on monthly updates?	Helpful to note that project is using other sources of funding, explains that the project is progressing, just not using NVTA funds at the moment.
		Noted formatting corrections	Will address in final.
City of Manassas	Chloe Delhomme	Applies to previous programs?	Yes
		Will monthly updates differ from current requirements?	The process will change with the implementation of the PMMS system.
		Define substantive.	Noted above
City of Alexandria	Tarrence Moorer	The 12 month window for "substantive drawdown" will be exceptionally difficult for design-build projects	Appropriations are the trigger to keep this from being an issue.
		This policy also would not allow jurisdictions to use regional funds to match federal funds	Don't see why not, there is an approved project with at least a scheduled appropriation.
		What is the definition of substantive? The 12-month reimbursement request requirement makes the program unworkable. Project funding plans for larger projects will no longer be able to include NVTA funding as a source. Large projects are budgeted years in advance. These funds could only be utilized as add on sources if they could be obtained just prior to contract award. It is a challenge to have substantive expenditures within 12 months of advertising a project for contract award. The PY Metro project was advertised for construction in 2016.	
		Several comments about defining substantive	Noted above
		The 12-month milestone for "substantive initial expenditure" are significantly more aggressive than VDOT.	Appropriation year is the way a jurisdiction can keep this from being an issue.

Jurisdiction/Agency	Coordinator	Comments	Initial Response
		III.B.3 and IV.A.3 – First Substantive Drawdown – Believe there should be a caveat for a project that is moving but spending other funds that have to be used by a certain date. State law requires funds CAME to be spent within a certain timeframe. Also federal discretionary grants (TIGER, BUILD, whatever acronym come next), also often have drawdown requirements too, so if a locality/agency is successful in getting those funds, they may have to be spent first. I know that y'all have been good at working with jurisdictions/agencies on this in the past, but if this is going to going to be the policy moving forward, we can't guarantee your successors will see this the same way.	Agreed. We do that already. It can simply be noted in the monthly project progress. Maybe add NVTA funds or other dedicated project funding.
PRTC	Betsy Massie	Replied no comments	
WMATA (received 1/24/19)	Melissa King	The proposed policy levels a number of responsibilities for Project Sponsors (Section IV.A). Metro staff suggest adding a responsibility for NVTA to follow the terms of the SPA and pay invoices/PayGo requests on a timely bases, provided the Project Sponsor has submitted all required forms and updates, and made a good-faith effort to answer questions and address concerns.	The SPA and Policy 20 cover the timelines for reimbursements. Reimbursement processing is not related to the purpose of this policy.
		Metro staff recommend rewording the first sentence in the definition for "appropriation." The draft definition is when a project is approved for "expenditure of public funds by the governing body of a governmental jurisdiction." However, in the second half of the definition and all other points in the policy document, it sounds like the definition is approval of an NVTA budget for Regional Funds that includes the project. This matters in regard to the three-month timeline for executed SPAs – is it 3 months from the local jurisdiction or agency's budget approval, or from NVTA making a budget/appropriation action?	The definition as used in the first sentence is consistent with GASB, GAAP and GAAFR professional literature. Understanding this is a NVTA policy it applies to the NVTA as specifically noted by in the second sentence "... by the Authority."

Attachment 2.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

Policy Number 29 – Project Activation, Monitoring and De-Appropriation

I. **Purpose.** The purpose of this policy is to provide a mechanism for the Authority to monitor project activation, progress and appropriation in accordance with project descriptions and Standard Project Agreements (SPA). The monitoring activities in the policy are designed to set benchmarks and guidelines for the evaluation of de-appropriation (cancellation) of project funding.

–Expenditure reimbursement requests presented later than the existing cash flow schedule (as documented on the SPA Appendix B form), result in disruption of the Authority's cash management, liquidity and investment programs.

Expending tax exempt financing through bonds issued by the Authority later than originally projected, may present Internal Revenue Service arbitrage compliance issues.

Undertaking any form of debt to meet project sponsor expenditure projections that do not materialize, will result in unnecessary debt service expenses, reducing PayGo funds for other projects.

II. **Key Definitions**.

A. **Adopted Project** – A project which has been approved by the Authority for inclusion in the Six Year Program, and updates, but for which an appropriation has not been made.

B. **Appropriation** - The formal approval for the expenditure of public funds by the governing body of a governmental jurisdiction. Appropriations are made for the full amount of a project in the first fiscal year the project is approved for funding, by the Authority.

C. **Appropriated Project** - A project which was approved for inclusion in the Six Year Program and which has received an appropriation for the project amount.

D. **De-appropriate** – Removal of an appropriation resulting in the cancellation of the project.

E. **Project Sponsor** – Jurisdiction, Agency or representative submitting a project request to the Authority which was subsequently adopted.

F. **Six Year Program** - The Six Year Program (SYP) is a short-term constrained funding program which has been formally adopted for the development or acquisition of a series of regionally significant transportation improvement projects. The SYP has specific planned projects, each of which is identified for specific amounts of funding, starting in specific fiscal years.

G. **SYP Updates** - Updates to the Six Year Program are expected to occur approximately every two years, on a schedule approved by the Authority. SYP updates will add additional adopted projects approximately four to five years ahead of the expected appropriation.

~~G.~~H. Substantive drawdown – A request for reimbursement which through the incurrence of directly relevant project costs clearly demonstrates project start up and/or progress. The Executive Director may accept the documented expenditure of funds from other sources, directly appropriated to the project, as a substitute for the expenditure of Authority funds.

III. General.

A. This policy will be in effect for all Regional Revenue Fund projects approved by the Authority and supersedes Policy 24 and Policy 25.

B. There are three milestones which the Authority will use to assess project progress:

1. Standard Project Agreement (SPA) approval by the Authority for a project within three months of the appropriation of Regional Revenue Funds.[1]
2. Project activation/progression documented through monthly updates submitted to NVTA and reported in the Executive Director's monthly report to the Authority for appropriated projects.
3. Project sponsor's submission of an initial substantive drawdown on appropriated funds~~initial expenditure reimbursement request~~ within 12 months of the initial appropriation of Regional Revenue Funds, demonstrating meaningful project progress.

C. For any project at risk of missing one of these three milestones, the project's sponsor may request an extension of time from the Executive Director.

D. The Executive Director may request additional information from the project sponsor in making a decision on an extension recommendation.

E. Agreement on project status will be sought with the implementing jurisdiction or agency.

F. If agreement is not reached, the Executive Director may take a project de-appropriation recommendation to the Finance Committee prior to referral to the Authority for action.

~~**G.** Expenditure reimbursement requests presented later than the existing cash flow schedule (as documented on the SPA Appendix B form), result in disruption of the Authority's cash management, liquidity and investment programs.~~

~~**H.** Expenditure reimbursement requests presented later than the existing cash flow schedule (as documented on the SPA Appendix B form), using tax exempt financing issued by the Authority may present Internal Revenue Service arbitrage regulation compliance issues.~~

~~**I.** Undertaking any form of debt to meet project sponsor expenditure projections that do not materialize, will result in unnecessary debt service expenses, reducing PayGo funds for other projects.~~

~~J.~~G. Project sponsors must keep their SPA-Appendix B forms up to date. Appendix B's can be updated in accordance with Policy 20. III B. 2.

~~K.~~H. All funds de-appropriated from actions taken under this policy will remain in the Regional Revenue Fund for future appropriation by the Authority.

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[1] For example, a project approved in year four of the Six Year Program, must have its SPA approved within three months of the Authority's appropriation action for year four as opposed to within three months of the adoption of the Six Year Plan.

I. Projects which had funds de-appropriated may reapply for funding during the next call for projects. Such applications will need to meet the application requirements of that SYP update cycle.

~~L.~~J. The Executive Director may extend SPA deadlines for adopted projects in proportion to the number of months no meetings were held by the Authority within the next three months after project appropriations.

IV. Responsibilities.

A. Project sponsoring jurisdiction or agency primary responsibilities:

1. Completion of SPAs within three months of Authority appropriation of Regional Revenue Funds to the project.
2. Document project activation/progression on appropriated projects through monthly updates submitted to NVTA for inclusion in the Executive Director's monthly report to the Authority.
3. Submittal of ~~first~~ initial substantive drawdown on appropriated projects within 12 months of the Authority's appropriation of Regional Revenue Funds for the project.
4. Proactively inform the Executive Director of material circumstances which may delay or otherwise impede the prospects for successful start, draw down of project funds or completion of adopted and appropriated projects included in the SYP.
5. Proactively inform the Executive Director of appropriated project scheduling issues, providing a revised timeline to be submitted on SPA Appendix A forms with action steps required for timely completion of the project.
6. Proactively inform the Executive Director of adopted project scheduling issues, providing information as to a revised timeline to be submitted with action steps required to timely project completion.
7. Proactively request cancellation of an appropriated or adopted project if the project sponsor determines the project is no longer necessary or executable.
8. Provide additional project information upon request.
9. Provide continued updates as necessary to the project SPA - Appendix B form (Tables B-2 and B-3) reimbursement timing/schedule for appropriated projects.

B. NVTA Executive Director.

1. Monitor project progress through requests for reimbursements and submission of project activation/progress reports by project sponsors.
2. Include a report of appropriated project status in the Executive Director's monthly report to the Authority. Status reports will be consistent with project progress documented by project sponsors, unless otherwise noted.
3. Receive notice from project sponsors of possible delays in submitting drawdown requests or activating/progressing the project by the deadline.

4. Request information, when required, to evaluate project sponsor notice of delay or to request information on delay.
5. Receive and evaluate notices from project sponsors of adopted projects included in the SYP which are facing schedule or other risks which may impede their successful completion.
6. Accept requests for appropriated or adopted project cancellations from project sponsors and forward with a recommendation to the Finance Committee in advance of submission to the Authority with a recommendation to accept or reject the request.
7. Evaluate requests for extension of time or other accommodations requested by project sponsor.
8. Make recommendations to the Finance Committee on project de-appropriations to be referred to the Authority.

Approval by the Finance Committee:

Approved by Northern Virginia Transportation Authority:

DRAFT

X

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Richard Stavros, Investment & Debt Manager

DATE: February 15, 2019

SUBJECT: Investment Portfolio Report

1) **Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) Finance Committee with required reports on investment activities and portfolio performance through January 31, 2019.

2) **Background:**
   a. This report is on investment activity through January 2019 and affirms the portfolio investments were acquired on the basis of safety, liquidity and then yield. This report summarizes the portfolio structure, and adherence to the NVTA Investment Policy.
   b. Additionally, a monthly report is attached which complies with all reporting requirements prescribed in the NVTA Investment Policy.

3) **Current Period Reports:**
   a. The safety of the portfolio is reflected in the actual composition of the portfolio as shown below:

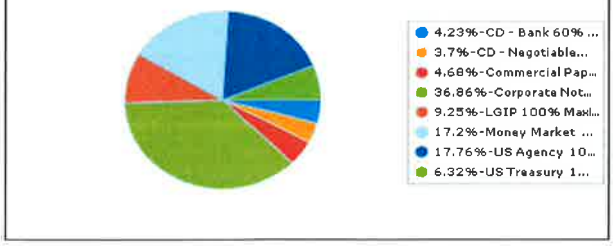
Northern Virginia Transportation Authority
Distribution by Asset Category - Book Value
Report Group: Regional Revenue

Begin Date: 11/30/2018, End Date: 1/31/2019

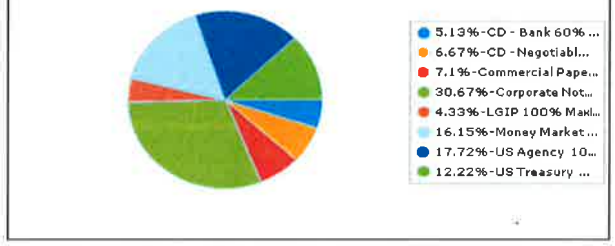
Asset Category Allocation

Asset Category	Book Value 11/30/2018	% of Portfolio 11/30/2018	Book Value 1/31/2019	% of Portfolio 1/31/2019
CD - Bank 60% Maximum	40,000,000.00	4.23	50,000,000.00	5.13
CD - Negotiable 25% Maximum	35,002,757.30	3.70	65,001,643.02	6.67
Commercial Paper 30% / 5% Maximum	44,236,004.03	4.68	69,212,720.97	7.10
Corporate Notes 50% Maximum	348,321,513.04	36.86	298,930,309.71	30.67
LGIP 100% Maximum	87,391,446.91	9.25	42,159,326.09	4.33
Money Market 60% Maximum	162,493,273.02	17.20	157,408,948.88	16.15
US Agency 100% Maximum	167,795,321.50	17.76	172,719,736.01	17.72
US Treasury 100% Maximum	59,709,146.15	6.32	119,112,576.27	12.22
Total / Average	944,949,461.95	100.00	974,545,260.95	100.00

Portfolio Holdings as of 11/30/2018



Portfolio Holdings as of 1/31/2019



b. The liquidity of the portfolio is reflected in the portfolio's duration of .64 (1.0 = 1 year) and the maturity schedule shown below:

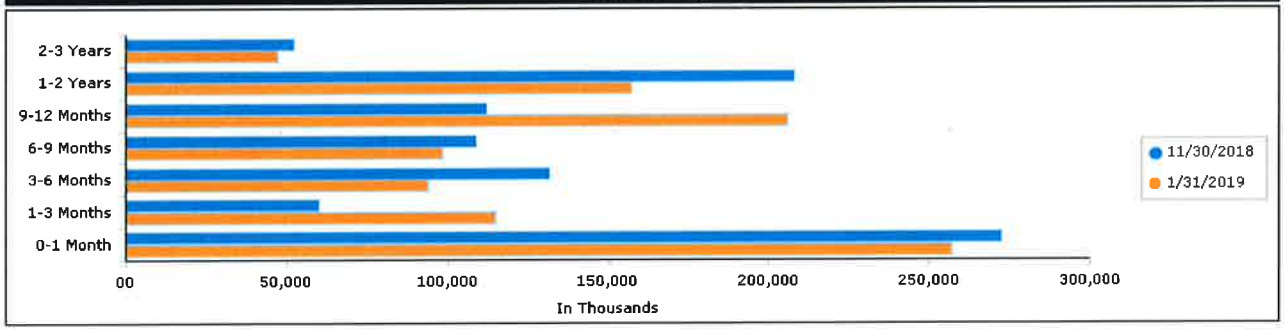
Northern Virginia Transportation Authority
Distribution by Maturity Range - Book Value
Report Group: Regional Revenue

Begin Date: 11/30/2018, End Date: 1/31/2019

Maturity Range Allocation

Maturity Range	Book Value 11/30/2018	% of Portfolio 11/30/2018	Book Value 1/31/2019	% of Portfolio 1/31/2019
0-1 Month	272,385,627.49	28.83	257,054,929.46	26.38
1-3 Months	59,927,579.52	6.34	115,225,343.46	11.82
3-6 Months	131,659,368.75	13.93	93,829,887.03	9.63
6-9 Months	108,956,022.66	11.53	98,519,549.13	10.11
9-12 Months	112,263,993.05	11.88	205,570,295.39	21.09
1-2 Years	207,583,501.42	21.97	157,053,130.83	16.12
2-3 Years	52,173,369.06	5.52	47,292,125.65	4.85
Total / Average	944,949,461.95	100.00	974,545,260.95	100.00

Portfolio Holdings



c. The yield on the portfolio at the end of January 2019 was 2.56%, a 23 basis improvement since our October 2018 report. The NVTA's Investment Policy specifies the benchmarks shown below for yield performance comparison:

NVTA Investment Benchmarks	FY 2018 Year End	Jan-19 Month End
Fed Funds Rate	1.82%	2.40%
Treasury 90 Day T Bill	1.92%	2.42%
Local Government Investment Pool	2.01%	2.59%
Virginia Non-Arbitrage Program	2.16%	2.66%
NVTA Performance	1.95%	2.56%

Source: Bloomberg, Statements

4) Portfolio Analysis & Statistics Overview

a) Safety: The portfolio is invested primarily in;

i) AAA/AA rated investment grade corporate bonds

ii) AAA/AA rated U.S. Treasury and Agency Bonds

iii) Collateralized bank money market accounts.

Note: Jan 2019, NVTA doubled its U.S. Treasury holdings (6% to 12%), increasing safety.

b) Liquidity:

i) The NVTA Portfolio average duration increased slightly (from .57 to .64) or a little over 7 months from 6 months – reflecting new investment opportunities in a rising rate environment.

ii) As noted last year, analysis of forward transportation project liabilities (reimbursements) associated with the Six Year Program found that the portfolio has the flexibility to extend modestly to 2-3 year maturities (5% of the portfolio presently).

c) Yield:

i) **Fed Rate Pause**: Since October 2018, there has been an almost 30 basis point fall in the 2-Year Treasury as a result of the Federal Reserve pause on rate hikes, and many now predict only 2 rate hikes this year (rather than 4). The Federal Reserve is concerned of a possible weakening in U.S. economic growth as a result of China trade tensions and slowing global growth.

ii) **Rate Strategy:** The NVTA portfolio will see a performance improvement in 2019 as maturities are rolled over from sub 1% rates to 2.5%+. Longer dated maturities will be pursued to capture historically high rates in outer years and protect income, as some economists predict a recession in 2020 or 2021, and as noted, rates will be on the decline as the Fed pauses after 2019.

Bloomberg Constant Maturity 2-Year Treasury Index

5) **Significant Transactions**

i) **$10M Coca-Cola Bond Sale:** on November, 20, 2018, our monitoring system alerted us that Coca-Cola had been downgraded by Moody's Investors Service from Aa3 (S&P AA- equivalent) to A1 (S&P A+ equivalent). Given favorable market conditions, we sold the bonds in late December, see Gain on Sale, table below

ii) **$40M U.S. Bank Bond Sale:** A review of NVTA Investment Policy found an inconsistency with the Code of Virginia on Corporate Notes. The Code allows only the use of S&P and Moody's ratings to determine whether an investment is allowable. Of our holdings, we identified three U.S. Bank bonds that were out of compliance as they relied partly on Fitch Ratings. The bonds were sold in late December at a Gain, see Gain on Sale, table below.

Gain on Sale			
Name	Puchase	Sale	Gain/Loss
Coca-Cola	$9,921,496.87	$9,937,347.22	$15,850.35
U.S. Bank	$14,890,037.50	$14,917,729.17	$27,691.67
U.S. Bank	$19,898,938.88	$19,930,000.00	$31,061.12
U.S. Bank	$5,040,951.39	$5,049,847.22	$8,895.83
Totals	$49,751,424.64	$49,834,923.61	$83,498.97

iii) **Mark-to-Market Position Improved: Reduced Unrealized Losses by $2.8M**

Over the last 6 months, and since our exit from the VIP 1-3 Fund in 2018, the NVTA Portfolio reduced its mark-to-market position from negative $3.55 million to negative $741,000, a $2.8 million reduction as of 12/31/2018 (updated quarterly). A significant consideration in the exiting of the VIP 1-3 Fund was to negate the fund's negative impact on the NVTA portfolio.

6) **Custodian Certification:** BB&T Retirement & Institutional Services is the custodian of all of NVTA's investment purchases and is where all of NVTA's non-deposit investments are held. Deposit type investments are protected through the Commonwealth of Virginia collateralization program or FDIC Insurance.

7) **Policy Required Reports:** The attached Compliance - GASB 40 Report addresses specific Investment Policy requirements regarding the purchase and holding of securities. The attached report, documents:

a. **Compliance – Investment Policy, Summary.** The report shows the percentage of the portfolio by each type of investment.
b. **Investment Portfolio – By Maturity Range.** The report shows the yield to maturity, and percentage of the portfolio which each type of investment represents.
c. **Portfolio Holdings by Custodian**. This report shows each depository, investment firm or custodian holding NVTA securities or cash.

Attachments: Compliance - GASB 40 Report shows reporting requirements as listed above, and not otherwise presented. This report is also fundamental for the Authority's Annual Financial Statements and annual audit.

Northern Virginia Transportation Authority
Portfolio Holdings
Compliance - GASB 40 Report
As of 1/31/2019

Description	Issuer	Face Amount / Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	Portfolio %	Days To Maturity	Days To Call Maturity	Maturity Date	YTM @ Cost	Duration To Maturity
Certificate Of Deposit												
John Marshall Bank2.52 4/25/2019	John Marshall Bank	10,000,000.00	10,000,000.00	10,000,000.00	NR	NR	1.02	84	84	04/25/2019	2.520	0.23
John Marshall Bank2.66 2/28/2019	John Marshall Bank	17,500,000.00	17,500,000.00	17,500,000.00	NR	NR	1.79	28	28	02/28/2019	2.660	0.08
United Bank2.75 1/17/2020	United Bank	10,000,000.00	10,000,000.00	10,000,000.00	NR	NR	1.02	351	351	01/17/2020	2.750	0.96
United Bank of VA 2.15 3/5/2019	United Bank of VA	12,500,000.00	12,500,000.00	12,500,000.00	NR	NR	1.28	33	33	03/05/2019	2.150	0.09
Sub Total / Average		**50,000,000.00**	**50,000,000.00**	**50,000,000.00**			**5.11**	**105**	**105**		**2.523**	**0.29**
Commercial Paper												
CSFB NY 0 10/4/2019	CSFB NY	5,476,000.00	5,374,593.61	5,370,883.62	S&P-A1	Moodys-P1	0.56	246	246	10/04/2019	2.763	0.67
CSFB NY 0 8/19/2019	CSFB NY	9,705,000.00	9,558,885.84	9,552,310.70	S&P-A1	Moodys-P1	0.99	200	200	08/19/2019	2.753	0.55
CSFB NY 0 9/6/2019	CSFB NY	10,000,000.00	9,827,519.83	9,787,960.16	S&P-A1	Moodys-P1	1.02	218	218	09/06/2019	2.910	0.60
JP Morgan Securities0 7/26/2019	JP Morgan Securities	10,000,000.00	9,857,244.44	9,782,590.28	S&P-A1	Moodys-P1	1.02	176	176	07/26/2019	2.985	0.48
JP Morgan Securities0 7/26/2019	JP Morgan Securities	10,000,000.00	9,857,733.33	9,782,590.28	S&P-A1	Moodys-P1	1.02	176	176	07/26/2019	2.975	0.48
JP Morgan Securities 0 5/24/2019	JP Morgan Securities	5,000,000.00	4,959,979.17	4,904,897.22	S&P-A1	Moodys-P1	0.51	113	113	05/24/2019	2.599	0.31
JP Morgan Securities 0 5/24/2019	JP Morgan Securities	5,000,000.00	4,959,822.22	4,904,897.22	S&P-A1	Moodys-P1	0.51	113	113	05/24/2019	2.610	0.31
JP Morgan Securities 0 6/28/2019	JP Morgan Securities	10,000,000.00	9,891,055.55	9,802,722.22	S&P-A1	Moodys-P1	1.02	148	148	06/28/2019	2.729	0.41
JP Morgan Securities 0 7/29/2019	JP Morgan Securities	5,000,000.00	4,925,886.98	4,888,623.44	S&P-A1	Moodys-P1	0.51	179	179	07/29/2019	3.049	0.49
Sub Total / Average		**70,181,000.00**	**69,212,720.97**	**68,777,475.14**			**7.17**	**178**	**178**		**2.837**	**0.49**
Corporate Bond												
Apple Corp 1.1 8/2/2019	Apple Corp	5,000,000.00	4,959,754.88	4,961,200.00	S&P-AA+	Moodys-Aa1	0.51	183	183	08/02/2019	2.727	0.50
Apple Corp 1.1 8/2/2019	Apple Corp	5,000,000.00	4,959,085.37	4,961,200.00	S&P-AA+	Moodys-Aa1	0.51	183	183	08/02/2019	2.755	0.50
Apple Corp 1.5 9/12/2019	Apple Corp	4,685,000.00	4,658,401.11	4,654,032.15	S&P-AA+	Moodys-Aa1	0.48	224	224	09/12/2019	2.450	0.61
Apple Corp 1.8 11/13/2019	Apple Corp	10,000,000.00	9,954,180.89	9,933,300.00	S&P-AA+	Moodys-Aa1	1.02	286	286	11/13/2019	2.400	0.78
Apple Corp 1.8 11/13/2019	Apple Corp	4,995,000.00	4,968,845.44	4,961,683.35	S&P-AA+	Moodys-Aa1	0.51	286	286	11/13/2019	2.488	0.78
Apple Corp 1.8 11/13/2019	Apple Corp	15,000,000.00	14,923,436.71	14,899,950.00	S&P-AA+	Moodys-Aa1	1.53	286	286	11/13/2019	2.470	0.78
Apple Corp 1.9 2/7/2020	Apple Corp	5,403,000.00	5,352,513.34	5,370,311.85	S&P-AA+	Moodys-Aa1	0.55	372	372	02/07/2020	2.840	1.00
Apple Corp. 2 11/13/2020	Apple Corp	5,000,000.00	4,938,248.46	4,950,900.00	S&P-AA+	Moodys-Aa1	0.51	652	652	11/13/2020	2.718	1.75
Australia New Zeeland Bank - NY Office 1.6 7/15/20	Australia New Zeeland Bank - NY	20,000,000.00	19,968,898.07	19,895,000.00	S&P-AA-	Moodys-Aa3	2.04	165	165	07/15/2019	1.950	0.46
Australia New Zeeland Bank - NY Office 2.05 9/23/2	Australia New Zeeland Bank - NY	6,000,000.00	6,006,407.24	5,973,600.00	S&P-AA-	Moodys-Aa3	0.61	235	235	09/23/2019	1.880	0.64
Australia New Zeeland Bank - NY Office 2.05 9/23/2	Australia New Zeeland Bank - NY	5,900,000.00	5,903,694.63	5,874,040.00	S&P-AA-	Moodys-Aa3	0.60	235	235	09/23/2019	1.950	0.64
Berkshire Hathaway2.1 8/14/2019	Berkshire Hathaway	5,000,000.00	4,987,928.57	4,980,050.00	S&P-AA	Moodys-Aa2	0.51	195	195	08/14/2019	2.558	0.53
Berkshire Hathaway2.2 3/15/2021	Berkshire Hathaway	7,386,000.00	7,291,028.95	7,325,434.80	S&P-AA	Moodys-Aa2	0.75	774	774	03/15/2021	2.833	2.07
Berkshire Hathaway Fin 1.7 3/15/2019	Berkshire Hathaway Fin	8,940,000.00	8,933,051.88	8,932,669.20	S&P-AA	Moodys-Aa2	0.91	43	43	03/15/2019	2.371	0.12
BlackRock 5 12/10/2019	BlackRock	1,097,000.00	1,117,150.29	1,118,358.59	S&P-AA-	Moodys-Aa3	0.11	313	313	12/10/2019	2.804	0.85
Chevron Corp 1.686 2/28/2019	Chevron Corp	20,000,000.00	20,002,039.31	19,988,600.00	S&P-AA	Moodys-Aa2	2.04	28	28	02/28/2019	1.551	0.08
Chevron Corp 4.95 3/3/2019	Chevron Corp	15,000,000.00	15,031,757.08	15,033,000.00	S&P-AA	Moodys-Aa2	1.53	31	31	03/03/2019	2.410	0.09
Chevron Corp.1.961 3/3/2020	Chevron Corp.	5,000,000.00	4,944,974.33	4,963,600.00	S&P-AA	Moodys-Aa2	0.51	397	397	03/03/2020	2.998	1.07
Chevron Corp. 2.1 5/16/2021	Chevron Corp.	5,560,000.00	5,459,893.02	5,489,554.80	S&P-AA	Moodys-Aa2	0.57	836	836	05/16/2021	2.923	2.24
Chevron Corp. 2.193 11/15/2019	Chevron Corp.	8,950,000.00	8,926,156.12	8,920,644.00	S&P-AA	Moodys-Aa2	0.91	288	288	11/15/2019	2.540	0.78
Commonwealth Bank of Australia - NY 2.05 3/15/2019	Commonwealth Bank of Australia-NY	3,306,000.00	3,305,878.15	3,303,123.78	S&P-AA-	Moodys-Aa3	0.34	43	43	03/15/2019	2.081	0.12
Commonwealth Bank of Australia - NY 2.05 3/15/2019	Commonwealth Bank of Australia-NY	15,560,000.00	15,557,095.21	15,546,462.80	S&P-AA-	Moodys-Aa3	1.59	43	43	03/15/2019	2.210	0.12
Exxon Mobile Corp 1.912 3/6/2020	Exxon Mobile Corp	5,000,000.00	4,943,271.22	4,963,150.00	S&P-AA+	Moodys-Aaa	0.51	400	400	03/06/2020	2.973	1.08

Description	Issuer	Face Amount	Book Value	Market	Credit	Credit	Portfolio %	Days To	Days To Call	Maturity Date	YTM @	Duration To
		Shares		Value	Rating 1	Rating 2		Maturity	Maturity		Cost	Maturity
Exxon Mobile Corp 1.912 3/6/2020	Exxon Mobile Corp	8,663,000.00	8,602,801.99	8,599,153.69	S&P-AA+	Moodys-Aaa	0.89	400	400	03/06/2020	2.566	1.08
Johnson and Johnson2.95 9/1/2020	Johnson and Johnson	5,000,000.00	5,036,617.84	5,021,950.00	S&P-AAA	Moodys-Aaa	0.51	579	579	09/01/2020	2.472	1.54
Mass Institute Technology 2.051 7/1/2019	Mass Institute Technology	145,000.00	144,882.54	144,643.30	S&P-AAA	Moodys-Aaa	0.01	151	151	07/01/2019	2.250	0.42
Microsoft Corp 1.1 8/8/2019	Microsoft Corp	2,000,000.00	1,986,353.01	1,985,440.00	S&P-AAA	Moodys-Aaa	0.20	189	189	08/08/2019	2.442	0.52
Microsoft Corp 1.1 8/8/2019	Microsoft Corp	5,000,000.00	4,964,738.81	4,963,600.00	S&P-AAA	Moodys-Aaa	0.51	189	189	08/08/2019	2.483	0.52
Microsoft Corp 1.55 8/8/2021	Microsoft Corp	5,000,000.00	4,844,037.28	4,874,900.00	S&P-AAA	Moodys-Aaa	0.51	920	920	08/08/2021	2.850	2.46
Microsoft Corp.1.85 2/12/2020	Microsoft Corp.	5,000,000.00	4,947,140.75	4,959,500.00	S&P-AAA	Moodys-Aaa	0.51	377	377	02/12/2020	2.900	1.02
Microsoft Corp.1.85 2/6/2020	Microsoft Corp.	1,196,000.00	1,187,952.95	1,187,197.44	S&P-AAA	Moodys-Aaa	0.12	371	371	02/06/2020	2.530	1.00
Microsoft Corp.1.85 2/6/2020	Microsoft Corp.	3,000,000.00	2,970,234.32	2,977,920.00	S&P-AAA	Moodys-Aaa	0.31	371	371	02/06/2020	2.851	1.00
Microsoft Corp.1.85 2/6/2020	Microsoft Corp.	5,000,000.00	4,949,038.46	4,963,200.00	S&P-AAA	Moodys-Aaa	0.51	371	371	02/06/2020	2.878	1.00
National Australia Bank 2.25 1/10/2020	National Australia Bank	5,000,000.00	4,967,170.31	4,974,550.00	S&P-AA-	Moodys-Aa3	0.51	344	344	01/10/2020	2.970	0.94
Proctor and Gamble Co 1.9 11/1/2019	Proctor and Gamble Co	2,386,000.00	2,368,524.04	2,366,912.00	S&P-AA-	Moodys-Aa3	0.24	274	274	11/01/2019	2.897	0.75
Proctor and Gamble Co. 1.9 10/23/2020	Proctor and Gamble Co.	5,000,000.00	4,929,560.94	4,941,600.00	S&P-AA-	Moodys-Aa3	0.51	631	631	10/23/2020	2.746	1.70
Toyota Motor Credit corp 1.4 5/20/2019	Toyota Motor Credit corp	1,515,000.00	1,510,936.28	1,509,273.30	S&P-AA-	Moodys-Aa3	0.15	109	109	05/20/2019	2.311	0.30
Toyota Motor Credit corp 1.55 10/18/2019	Toyota Motor Credit corp	16,000,000.00	15,908,577.56	15,871,360.00	S&P-AA-	Moodys-Aa3	1.63	260	260	10/18/2019	2.370	0.71
Toyota Motor Credit corp 2.125 7/18/2019	Toyota Motor Credit corp	11,043,000.00	11,019,375.93	11,018,042.82	S&P-AA-	Moodys-Aa3	1.13	168	168	07/18/2019	2.600	0.46
Toyota Motor Credit corp 2.125 7/18/2019	Toyota Motor Credit corp	1,735,000.00	1,732,678.53	1,731,078.90	S&P-AA-	Moodys-Aa3	0.18	168	168	07/18/2019	2.420	0.46
Toyota Motor Credit corp. 2.2 1/10/2020	Toyota Motor Credit corp.	5,000,000.00	4,967,379.31	4,974,300.00	S&P-AA-	Moodys-Aa3	0.51	344	344	01/10/2020	2.910	0.94
Toyota Motor Credit corp. 2.2 1/10/2020	Toyota Motor Credit corp.	5,000,000.00	4,976,111.11	4,974,300.00	S&P-AA-	Moodys-Aa3	0.51	344	344	01/10/2020	2.720	0.94
Walmart Corp 1.9 12/15/2020	Walmart Corp	5,000,000.00	4,925,933.73	4,935,550.00	S&P-AA	Moodys-Aa2	0.51	684	684	12/15/2020	2.722	1.84
Yale University 2.086 4/15/2019	Yale University	13,025,000.00	13,022,003.18	13,011,193.50	S&P-AAA	Moodys-Aaa	1.33	74	74	04/15/2019	2.200	0.21
Yale University 2.086 4/15/2019	Yale University	375,000.00	374,914.40	374,602.50	S&P-AAA	Moodys-Aaa	0.04	74	74	04/15/2019	2.200	0.21
Yale University 2.086 4/15/2019	Yale University	1,500,000.00	1,499,656.17	1,498,410.00	S&P-AAA	Moodys-Aaa	0.15	74	74	04/15/2019	2.200	0.21
Sub Total / Average		**300,365,000.00**	**298,930,309.71**	**298,858,542.77**			**30.69**	**269**	**269**		**2.429**	**0.73**
FFCB Bond												
FFCB 1.4 3/27/2019	FFCB	10,000,000.00	10,000,738.36	9,985,900.00	S&P-AA+	Moodys-Aaa	1.02	55	55	03/27/2019	1.350	0.16
FFCB 2.7 11/5/2019	FFCB	5,000,000.00	5,000,000.00	5,006,550.00	S&P-AA+	Moodys-Aaa	0.51	278	278	11/05/2019	2.700	0.75
FFCB 2.7 11/6/2019-19	FFCB	5,000,000.00	5,000,000.00	5,001,200.00	S&P-AA+	Moodys-Aaa	0.51	279	95	11/06/2019	2.700	0.76
FFCB 2.82 3/4/2021-19	FFCB	5,000,000.00	4,981,903.76	5,000,500.00	S&P-AA+	Moodys-Aaa	0.51	763	32	03/04/2021	3.000	2.02
FFCB 2.85 4/15/2020	FFCB	5,000,000.00	5,000,000.00	5,020,100.00	S&P-AA+	Moodys-Aaa	0.51	440	440	04/15/2020	2.850	1.18
Sub Total / Average		**30,000,000.00**	**29,982,642.12**	**30,014,250.00**			**3.07**	**312**	**159**		**2.325**	**0.84**
FHLB Bond												
FHLB 0 12/10/2019	FHLB	5,000,000.00	4,883,929.17	4,891,650.00	S&P-AA+	Moodys-Aaa	0.51	313	313	12/10/2019	2.744	0.86
FHLB 2.375 3/3/2020	FHLB	5,000,000.00	4,978,540.54	4,996,750.00	S&P-AA+	Moodys-Aaa	0.51	397	397	03/03/2020	2.781	1.08
FHLB 2.875 9/11/2020	FHLB	5,000,000.00	4,996,648.65	5,027,250.00	S&P-AA+	Moodys-Aaa	0.51	589	589	09/11/2020	2.917	1.57
FHLB 2.9 6/26/2020-19	FHLB	5,000,000.00	5,000,000.00	5,002,000.00	S&P-AA+	Moodys-Aaa	0.51	512	54	06/26/2020	2.900	1.38
FHLB 2.9 6/26/2020-19	FHLB	5,000,000.00	5,000,000.00	5,002,000.00	S&P-AA+	Moodys-Aaa	0.51	512	54	06/26/2020	2.900	1.38
FHLB 3 5/28/2020-19	FHLB	5,000,000.00	5,000,000.00	5,001,950.00	S&P-AA+	Moodys-Aaa	0.51	483	28	05/28/2020	3.000	1.30
FHLB 3 5/28/2020-19	FHLB	3,790,000.00	3,792,682.15	3,791,478.10	S&P-AA+	Moodys-Aaa	0.39	483	28	05/28/2020	2.943	1.30
FHLB 3 5/28/2020-19	FHLB	5,000,000.00	5,003,538.46	5,001,950.00	S&P-AA+	Moodys-Aaa	0.51	483	28	05/28/2020	2.943	1.30
FHLB 3 8/27/2020-19	FHLB	5,000,000.00	5,000,000.00	5,001,000.00	S&P-AA+	Moodys-Aaa	0.51	574	27	08/27/2020	3.000	1.54
FHLB Step 3/5/2020-18	FHLB	10,000,000.00	9,981,972.89	9,998,600.00	S&P-AA+	Moodys-Aaa	1.02	399	33	03/05/2020	2.696	1.08
Sub Total / Average		**53,790,000.00**	**53,637,311.86**	**53,714,628.10**			**5.50**	**467**	**147**		**2.864**	**1.26**
FHLMC Bond												
FHLMC 1.375 3/15/2019	FHLMC	5,000,000.00	5,000,000.00	4,993,900.00	S&P-AA+	Moodys-Aaa	0.51	43	43	03/15/2019	1.375	0.12
FHLMC 1.5 1/17/2020	FHLMC	5,000,000.00	4,941,375.53	4,950,050.00	S&P-AA+	Moodys-Aaa	0.51	351	351	01/17/2020	2.750	0.96
FHLMC 1.875 11/17/2020	FHLMC	5,000,000.00	4,910,545.45	4,945,850.00	S&P-AA+	Moodys-Aaa	0.51	656	656	11/17/2020	2.910	1.77

Description	Issuer	Face Amount Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	Portfolio %	Days To Maturity	Days To Call Maturity	Maturity Date	YTM @ Cost	Duration To Maturity
FHLMC 2.67 8/28/2020-18	FHLMC	5,000,000.00	4,982,474.60	5,000,400.00	S&P-AA+	Moodys-Aaa	0.51	575	28	08/28/2020	2.900	1.53
FHLMC 2.85 9/28/2020-18	FHLMC	10,000,000.00	9,991,652.89	10,004,200.00	S&P-AA+	Moodys-Aaa	1.02	606	56	09/28/2020	2.902	1.62
FHLMC 2.9 5/21/2020-19	FHLMC	5,450,000.00	5,450,000.00	5,451,253.50	S&P-AA+	Moodys-Aaa	0.56	476	21	05/21/2020	2.900	1.28
FHLMC Step 6/30/2021-18	FHLMC	5,000,000.00	4,915,169.88	4,948,400.00	S&P-AA+	Moodys-Aaa	0.51	881	58	06/30/2021	3.501	2.37
FHLMC Step 9/30/2019-17	FHLMC	4,500,000.00	4,496,934.12	4,496,760.00	S&P-AA+	Moodys-Aaa	0.46	242	58	09/30/2019	1.772	0.66
FHLMC Step 9/30/2021-17	FHLMC	4,903,000.00	4,776,427.18	4,817,295.56	S&P-AA+	Moodys-Aaa	0.50	973	59	09/30/2021	3.582	2.61
Sub Total / Average		**49,853,000.00**	**49,464,579.65**	**49,608,109.06**			**5.09**	**542**	**139**		**2.759**	**1.46**
FNMA Bond												
FNMA 1 10/24/2019	FNMA	5,000,000.00	4,938,129.75	4,943,550.00	S&P-AA+	Moodys-Aaa	0.51	266	266	10/24/2019	2.727	0.73
FNMA 1.25 3/27/2020	FNMA	10,435,000.00	10,249,854.27	10,280,040.25	S&P-AA+	Moodys-Aaa	1.07	421	421	03/27/2020	2.825	1.15
FNMA 1.25 8/23/2019-17	FNMA	10,000,000.00	9,988,544.80	9,929,500.00	S&P-AA+	Moodys-Aaa	1.02	204	23	08/23/2019	1.459	0.56
Sub Total / Average		**25,435,000.00**	**25,176,528.82**	**25,153,090.25**			**2.60**	**305**	**234**		**2.269**	**0.83**
Local Government Investment Pool												
Commonweath of VirginiaLGIP	Commonweath of Virginia	10,145.19	10,145.19	10,145.19	S&P-AAA	NR	0.00	1	1	N/A	2.590	0.00
Commonweath of Virginia LGIP	Commonweath of Virginia	15,302,667.71	15,302,667.71	15,302,667.71	S&P-AAA	NR	1.56	1	1	N/A	2.590	0.00
VIP Stable NAV LGIP	VIP Stable NAV	26,846,513.19	26,846,513.19	26,846,513.19	S&P-AAA	NR	2.74	1	1	N/A	2.570	0.00
Sub Total / Average		**42,159,326.09**	**42,159,326.09**	**42,159,326.09**			**4.31**	**1**	**1**		**2.577**	**0.00**
Money Market												
Access National Bank MM	Access National Bank	85,575,514.07	85,575,514.07	85,575,514.07	NR	NR	8.74	1	1	N/A	2.650	0.00
BB&T MM	BB&T	2,391,619.21	2,391,619.21	2,391,619.21	NR	NR	0.24	1	1	N/A	2.120	0.00
John Marshall Bank ICS MM	John Marshall Bank ICS	18,712,492.32	18,712,492.32	18,712,492.32	NR	NR	1.91	1	1	N/A	2.640	0.00
United Bank MM	United Bank	50,729,323.28	50,729,323.28	50,729,323.28	NR	NR	5.18	1	1	N/A	2.560	0.00
Sub Total / Average		**157,408,948.88**	**157,408,948.88**	**157,408,948.88**			**16.08**	**1**	**1**		**2.612**	**0.00**
Negotiable Certificate Of Deposit												
Standard Charter NY 2.46 3/18/2019-18	Standard Charter NY	20,000,000.00	20,000,249.03	19,997,000.00	S&P-A1	Moodys-P1	2.04	46	46	03/18/2019	2.450	0.13
TD Bank NY2.71 5/22/2019	TD Bank NY	15,000,000.00	15,001,393.99	15,001,200.00	S&P-A1+	Moodys-P1	1.53	111	111	05/22/2019	2.679	0.31
TD Bank NY 2.81 1/22/2020	TD Bank NY	30,000,000.00	30,000,000.00	30,009,000.00	S&P-A1+	Moodys-P1	3.07	356	356	01/22/2020	2.810	0.98
Sub Total / Average		**65,000,000.00**	**65,001,643.02**	**65,007,200.00**			**6.64**	**204**	**204**		**2.669**	**0.56**
Treasury Bond												
T-Bond 0 2/15/2019	Treasury	20,000,000.00	19,984,615.18	19,982,400.00	S&P-AA+	Moodys-Aaa	2.04	15	15	02/15/2019	1.900	0.04
Sub Total / Average		**20,000,000.00**	**19,984,615.18**	**19,982,400.00**			**2.04**	**15**	**15**		**1.900**	**0.04**
Treasury Note												
T-Note 1.375 1/15/2020	Treasury	20,000,000.00	19,771,495.47	19,778,200.00	S&P-AA+	Moodys-Aaa	2.04	349	349	01/15/2020	2.593	0.95
T-Note 1.375 1/15/2020	Treasury	20,000,000.00	19,770,720.88	19,778,200.00	S&P-AA+	Moodys-Aaa	2.04	349	349	01/15/2020	2.597	0.95
T-Note 1.375 1/15/2020	Treasury	20,000,000.00	19,771,495.47	19,778,200.00	S&P-AA+	Moodys-Aaa	2.04	349	349	01/15/2020	2.593	0.95
T-Note 1.875 12/31/2019	Treasury	10,000,000.00	9,938,743.85	9,937,500.00	S&P-AA+	Moodys-Aaa	1.02	334	334	12/31/2019	2.561	0.91
T-Note 1.875 12/31/2019	Treasury	10,000,000.00	9,948,615.38	9,937,500.00	S&P-AA+	Moodys-Aaa	1.02	334	334	12/31/2019	2.450	0.91
T-Note 2.75 9/15/2021	Treasury	10,000,000.00	9,939,957.44	10,077,700.00	S&P-AA+	Moodys-Aaa	1.02	958	958	09/15/2021	2.991	2.52
T-Note 2.75 9/30/2020	Treasury	10,000,000.00	9,986,932.60	10,040,600.00	S&P-AA+	Moodys-Aaa	1.02	608	608	09/30/2020	2.831	1.62
Sub Total / Average		**100,000,000.00**	**99,127,961.09**	**99,327,900.00**			**10.22**	**433**	**433**		**2.640**	**1.17**
TVA Bond												
TVA 3.875 2/15/2021	TVA	5,000,000.00	5,083,708.14	5,128,300.00	S&P-AA+	Moodys-Aaa	0.51	746	746	02/15/2021	3.017	1.95
Sub Total / Average		**5,000,000.00**	**5,083,708.14**	**5,128,300.00**			**0.51**	**746**	**746**		**3.017**	**1.95**
U.S. Agency for International Development												
OPIC - Overseas Private Invest corp 0 11/13/2019	OPIC	9,544,505.40	9,374,965.42	9,174,600.38	S&P-AA+	Moodys-Aaa	0.98	286	286	11/13/2019	2.329	0.79
Sub Total / Average		**9,544,505.40**	**9,374,965.42**	**9,174,600.38**			**0.98**	**286**	**286**		**2.329**	**0.79**
Total / Average		**978,736,780.37**	**974,545,260.95**	**974,314,770.67**			**100**	**236**	**192**		**2.561**	**0.64**

XI

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: February 15, 2019

SUBJECT: Monthly Revenue Report

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1. **Purpose:** To update the Northern Virginia Transportation Authority (NVTA) Finance Committee on monthly revenue receipts and 30% funds distributed to member localities.

2. **Background:** The attached reports reflect funding received and distributed through January 2019 for the Authority's sole revenue source, sales tax.

3. **Comments:**
   a. **FY2019 Revenues (Attachment A)**
      i. The Authority has received approximately $109.9 million through the January 2019 transfers from the Commonwealth. This amount represents five months of sales tax receipts.
      ii. Actual to estimate comparison of sales tax revenues through January show a 1.87% positive variance in receipts compared to the FY2019 adopted revenue estimates. The actual variance to the budgeted revenue estimates has increased from 0.72% in the December 2018 report.
      iii. Since there is a positive variance between the actual receipts and the revenue estimates, no changes to the FY2019 revenue estimates are recommended at this time.

   b. **FY2019 Distribution to localities (Attachment B)**
      i. As of the preparation of this report, one jurisdiction has not completed the HB2313 required annual certification process to receive FY2019 30% funds. In response to recent communications, the locality is confident the annual certification will be received before the March 1, 2019 deadline.
      ii. Of the $113.8 million received by the Authority, including $109.9 million of sales tax receipts and $3.7 million of FY2018 Grantors and TOT receipts through January 2019, approximately $34.1 million represents 30% local funds of which $33.2 million was distributed to the member jurisdictions.

   c. **FY2015 to FY2019 Year over Year Revenue Comparison (Attachment C).**
      i. This chart reflects a month-to-month comparison of sales tax revenue and a year-to-year comparison of fiscal year to date revenues received through January 2019.

Attachments:

A. Sales Tax Revenues Received Compared to NVTA Estimates, Through January 2019
B. FY2019 30% Distribution by Jurisdiction, through January 2019
C. Month to Month Comparison of Sales Tax Revenue and YTD Receipts for January 2015 to 2019

Attachment A

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
SALES TAX REVENUES RECEIVED BY JURISDICTION, COMPARED TO NVTA ESTIMATES
Based on: Revenue Data Through January 2019
FYE June 30, 2019

Regional Sales Tax*		Received			FY2019	Annualized - Actual	
Transaction Months	5	To Date	Annualized		Budget	To Budget	
City of Alexandria		$6,812,639	$ 16,350,335	$	16,057,290	$ 293,045	
Arlington County		$11,016,844	$ 26,440,427	$	25,308,696	$ 1,131,731	
City of Fairfax		$3,067,509	$ 7,362,021	$	7,432,605	$ (70,584)	
Fairfax County		$46,543,225	$ 111,703,739	$	111,788,679	$ (84,940)	
City of Falls Church		$1,135,110	$ 2,724,263	$	2,659,800	$ 64,463	
Loudoun County		$21,973,914	$ 52,737,394	$	50,940,000	$ 1,797,394	
City of Manassas		$2,465,492	$ 5,917,181	$	5,100,000	$ 817,181	
City of Manassas Park		$631,058	$ 1,514,538	$	1,462,415	$ 52,123	
Prince William County		$16,259,263	$ 39,022,231	$	38,176,740	$ 845,491	
Total Sales Tax Revenue		$ 109,905,054	$ 263,772,129	$	258,926,225	$ 4,845,904	1.87%
		$ 109,905,054					

Attachment B

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
FY2019 30% DISTRIBUTION BY JURISDICTION

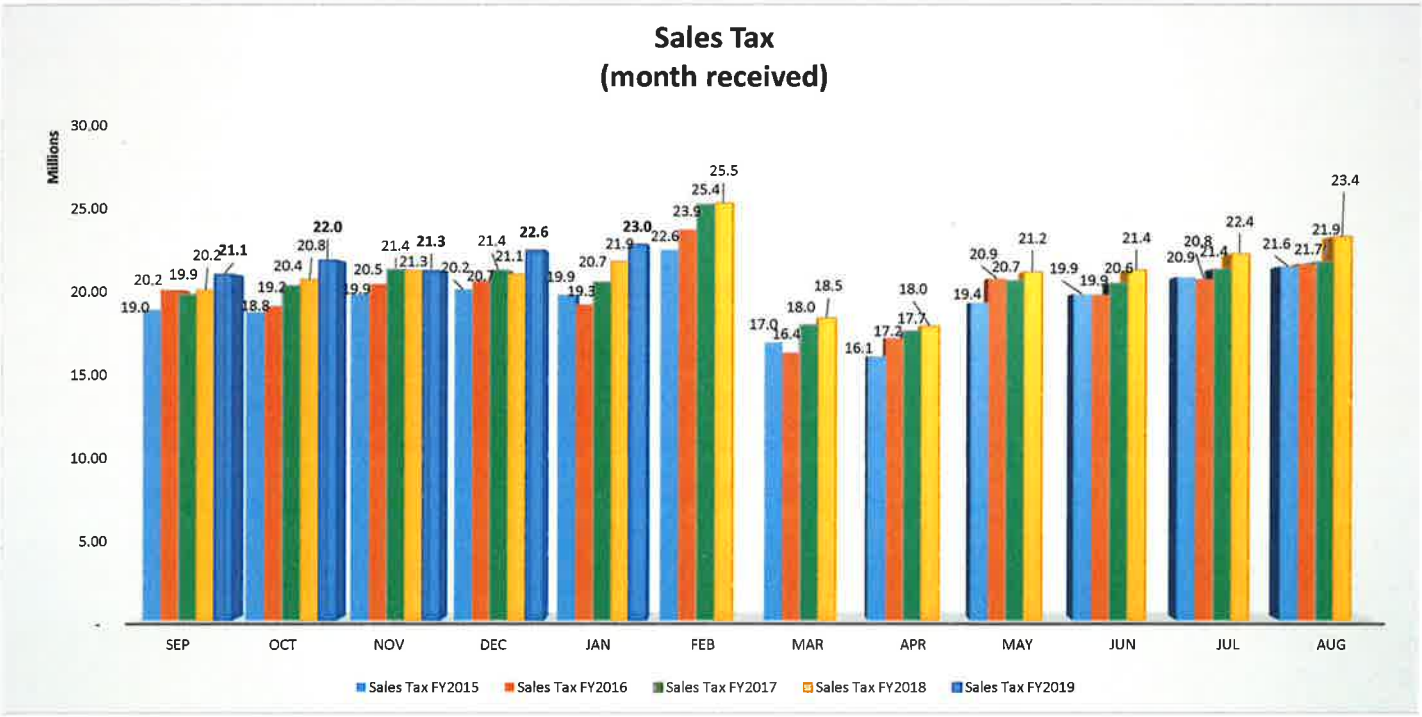
Based on: Revenue Data Through January 2019

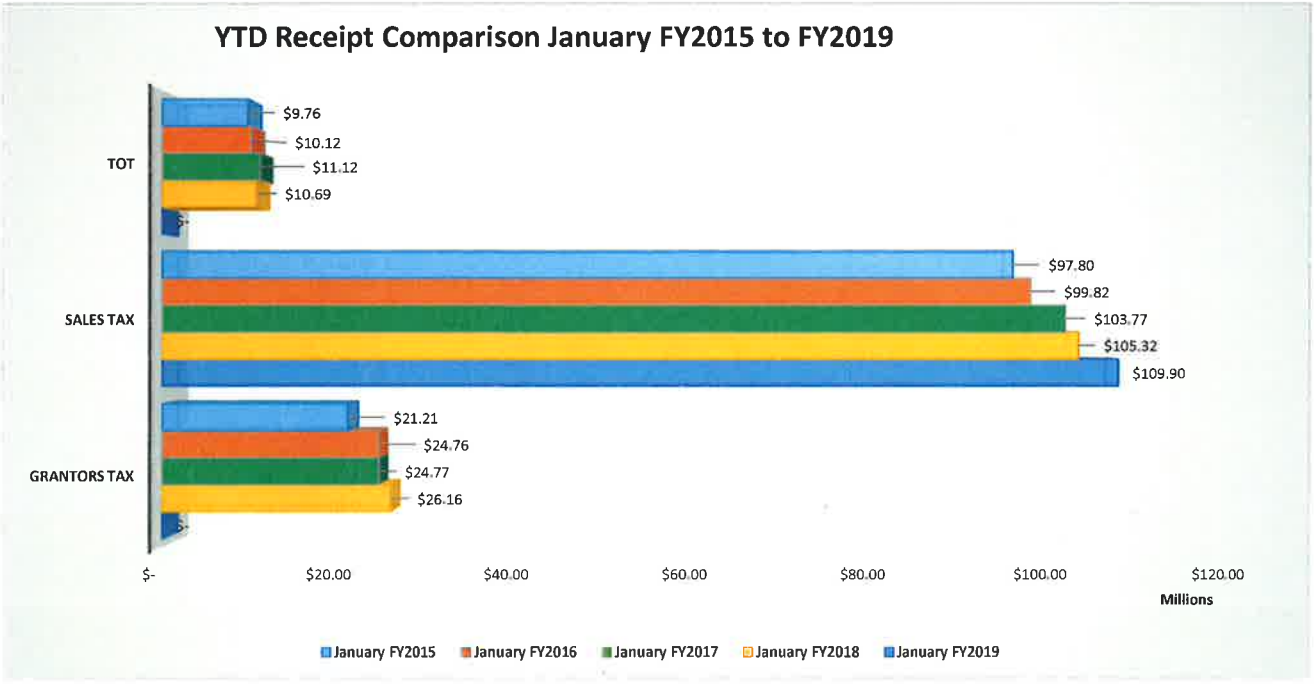
Jurisdiction	(1) FY2018 Receipts Grantor's Tax	Regional Sales Tax	(1) FY2018 Receipts Transient Occupancy Tax (2)	NVTA Fund Interest	Cumulative Total	30% Funds	Thru 12/31/18 Accrued Interest (3) (+)	12/31/2018 Prior Distributions	Current Month Distribution	Total Funds Transferred
City of Alexandria	$ -	$ 6,812,639.44	$ 757,057.88	$ 9,361.76	$ 7,579,059.08	$ 2,273,717.72	$ 812.78	$ 1,797,357.66	$ 477,172.84	$ 2,274,530.50
Arlington County	$ (1,375.50)	$ 11,016,844.46	$ 57,192.00	$ 15,412.54	$ 11,088,073.50	$ 3,326,422.05	$ 1,161.11	$ 2,651,223.54	$ 676,359.62	$ 3,327,583.16
City of Fairfax	$ -	$ 3,067,508.74	$ -	$ 3,584.44	$ 3,071,093.18	$ 921,327.95	$ 348.33		$ 921,676.28	
Fairfax County	$ (742.50)	$ 46,543,224.68	$ 2,447,690.11	$ 63,445.89	$ 49,053,618.18	$ 14,716,085.45	$ 4,992.78	$ 11,807,837.20	$ 2,913,241.03	$ 14,721,078.23
City of Falls Church	$ -	$ 1,135,109.74	$ 43,190.77	$ 1,433.72	$ 1,179,734.23	$ 353,920.27	$ 116.11	$ 280,218.39	$ 73,817.99	$ 354,036.38
Loudoun County	$ -	$ 21,973,914.08	$ 247,435.33	$ 29,121.89	$ 22,250,471.30	$ 6,675,141.39	$ 2,322.22	$ 5,318,057.02	$ 1,359,406.59	$ 6,677,463.61
City of Manassas	$ -	$ 2,465,492.10	$ 8,244.03	$ 2,689.57	$ 2,476,425.70	$ 742,927.71	$ 232.22	$ 571,715.38	$ 171,444.55	$ 743,159.93
City of Manassas Park	$ -	$ 631,057.60	$ -	$ 762.70	$ 631,820.30	$ 189,546.09	$ 116.12	$ 153,922.35	$ 35,739.86	$ 189,662.21
Prince William County	$ (742.50)	$ 16,259,262.78	$ 169,773.12	$ 21,434.55	$ 16,449,727.95	$ 4,934,918.39	$ 1,625.56	$ 3,883,006.80	$ 1,053,537.15	$ 4,936,543.95
Total Revenue	$ (2,860.50)	$ 109,905,053.62	$ 3,730,583.24	$ 147,247.06	$ 113,780,023.42	$ 34,134,007.02	$ 11,727.23	$ 26,463,338.34	$ 7,682,395.91	$ 33,224,057.97

1 **Includes FY2018 Revenue Accruals Recorded in the Prior Year PLUS COVA Adjustments**
2 County TOT includes any town collections
3 Interest earned through 12/31/2018

FY2019 January 2019

Attachment C





XII

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: February 15, 2019

SUBJECT: NVTA Operating Budget

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1. **Purpose:** To update the Northern Virginia Transportation Authority (NVTA) Finance Committee on the Authority's Operating Budget for FY2019.

2. **Background:** The Authority operating budget is funded through the participating jurisdictions. All jurisdictions contributed their respective share of the FY2019 operating budget in July 2018.

3. **Comments:** Through January 31, 2019, the FY2019 Operating Budget has produced the following results:

   a. Operating revenue is at 100% of estimate.
   b. On November 8, 2018, the Authority approved a $35,781.31 budget transfer from the NVTA Operating Reserve for FY2019 to obtain Investment Management and Monitoring Services. The Operating Reserve will be replenished as part of the FY2020 Operating Budget.
   c. January 2019 represents 58.3% of the fiscal year. Through January 31, 2019, the Authority has utilized 50% of its FY2019 expenditure budget with all expense categories remaining within budget.
   d. The attached statement shows the operating budget income and expenditure activity through January 31, 2019 for FY2019.

Attachment: FY2019 Operating Budget through January 31, 2019

1000 General Fund

Account Object	Description	Current Month	Current YTD	Budget	Variance	%
		Current Year				
Revenue						
330100	Contribution Member Jurisdiction		2,203,249.00	2,203,249.00		100
						100
	Total Revenue	0.00	2,203,249.00	2,203,249.00	0.00	100
Expenses						
410000	Personnel Expenses					
110	Salaries-Regular Pay	84,041.06	606,499.69	1,151,522.00	545,022.31	53
130	Health & Dental Benefits	13,608.80	110,861.80	160,224.00	49,362.20	69
131	Payroll Taxes	6,235.74	37,660.96	88,241.00	50,580.04	43
132	Retirement VRS	7,122.46	51,065.61	90,687.00	39,621.39	56
133	Life Insurance	1,192.67	8,248.53	14,998.00	6,749.47	55
134	Flex Spending/Dependent Care	41.33	258.48	685.00	426.52	38
135	Workers Comp		1,212.00	1,267.00	55.00	96
137	Disability Insurance	373.00	9,551.20	16,641.00	7,089.80	57
	Total Account	112,615.06	825,358.27	1,524,265.00	698,906.73	54
420000	Professional Services					
210	Audit & Accounting Services	-6,470.00	17,000.00	28,500.00	11,500.00	60
220	Bank Service			750.00	750.00	
230	Insurance		5,791.00	5,905.00	114.00	98
240	Payroll Services	276.47	1,235.28	1,800.00	564.72	69
260	Public Outreach & Regional Event Support	10,955.00	20,248.00	37,500.00	17,252.00	54
261	Legal/Bond Counsel Services		5,760.00	65,000.00	59,240.00	9
262	Financial Advisory Services	16,042.00	16,042.00	75,000.00	58,958.00	21
263	Bond Trustee Fees		2,687.50	2,700.00	12.50	100
264	Legislative Services	7,150.00	34,706.00	62,000.00	27,294.00	56
265	Investment Custody Svc	5,080.00	10,220.00	25,000.00	14,780.00	41
	Total Account	33,033.47	113,689.78	304,155.00	190,465.22	37
430000	Technology/Communication					
310	Acctg & Financial Report Systems	11,360.31	18,975.31	52,281.31	33,306.00	36
320	HW SW & Peripheral Purchase		104.00		-104.00	
330	IT Support Svc Incl Hosting	2,301.80	12,480.19	19,631.00	7,150.81	64
335	GIS/Project Mgt/Modeling		2,610.00	69,316.00	66,706.00	4
340	Phone Service	1,131.42	4,459.80	7,920.00	3,460.20	56
350	Web Develop & Hosting	809.15	4,730.37	7,897.00	3,166.63	60
	Total Account	15,602.68	43,359.67	157,045.31	113,685.64	28
440000	Administrative Expenses					
410	Advertisement		200.00	1,500.00	1,300.00	13
411	Dues & Subscriptions	3,533.79	6,352.18	6,890.00	537.82	92
412	Duplication & Printing		5,909.85	15,640.00	9,730.15	38
414	Hosted Meeting Expenses	496.38	1,147.72	3,600.00	2,452.28	32
415	Mileage/Transportation	304.86	1,896.62	10,950.00	9,053.38	17

1000 General Fund

Account	Object	Description	Current Year Current Month	Current YTD	Budget	Variance	%
	417	Office Lease	11,517.19	91,705.44	138,406.00	46,700.56	66
	418	Office Supplies	665.66	2,180.89	6,400.00	4,219.11	34
	419	Postage & Delivery		75.92	700.00	624.08	11
	420	Professional Develop & Training	953.67	2,045.31	12,920.00	10,874.69	16
	421	Industry Conferences	-351.06	5,512.55	6,500.00	987.45	85
		Total Account	17,120.49	117,026.48	203,506.00	86,479.52	58
		Total Expenses	178,371.70	1,099,434.20	2,188,971.31	1,089,537.11	50
		Net Income from Operations	-178,371.70	1,103,814.80			
Other Expenses							
521000		Transfers					
	820	Transfer to Operating Reserve			430,638.00	430,638.00	
	825	Transf to Equip Reserve	-3,140.31	2,511.31	13,500.00	10,988.69	19
		Total Account	-3,140.31	2,511.31	444,138.00	441,626.69	1
		Total Other Expenses	-3,140.31	2,511.31	444,138.00	441,626.69	1
		Net Income	-175,231.39	1,101,303.49			