



**Northern Virginia Transportation Authority**  
*The Authority for Transportation in Northern Virginia*

**FINANCE COMMITTEE**  
**Thursday, February 21, 2019 1:00PM**  
**3040 Williams Drive, Suite 200**  
**Fairfax, VA 22031**

**MEETING SUMMARY**

**I. Call to Order/Welcome**

Mayor Parrish, Chairman

- Mayor Parrish called the meeting to order at 1:02pm.
- Attendees:
  - ✓ Members: Mayor Parrish; Mayor Rishell; Chairman Nohe; Chairman Bulova; Mayor Wilson (via telephone).
  - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Richard Stavros (Investment & Debt Manager); Keith Jasper (Principal, Transportation Planning & Programming); Sree Nampoothiri (Transportation Planner); Peggy Teal (Assistant Finance Officer); Yolanda Thomas-Jones (Clerk).
  - ✓ Council of Counsels: Rob Dickerson (Prince William County); Ellen Posner (Fairfax County).
  - ✓ Other Attendees: Brent Riddle (Fairfax County); Mark Schofield (VRE); Tarrence Moorner (Alexandria); Paolo Belita (Prince William County); Ric Canizales (Prince William County); Penny Newquist (Loudoun County); Kristy Choi (PFM)

**II. Summary Minutes of the September 20, 2018 and October 18, 2018 Meetings**

- Chairman Bulova moved approval of the minutes of September 20, 2018; seconded by Mayor Rishell. One abstention, Mayor Wilson. Motion passed.
- Chairman Bulova moved approval of the October 18, 2018; seconded by Mayor Rishell. Two abstentions, Mayor Parrish and Mayor Wilson. Motion carried.

**Action Items**

**III. 2019 Finance Committee Meeting Schedule**

Chairman Parrish

- Mayor Rishell moved the Finance Committee adopt the proposed meeting schedule, seconded by Chairman Bulova. Motion carried unanimously.

**IV. Continuing Disclosure and Post Issuance (Policy 21) Update**

Mr. Longhi, CFO

- Mr. Longhi sought Committee recommendation of an update to the Continuing Disclosure and Post Issuance Policy. Noting this update is required by the Securities and Exchange Commission's (SEC) Rule 15c2-12:
  - ✓ The SEC sets Post Issuance Compliance and Disclosure requirements which the Authority is required to comply with under Rule 15c2-12.
  - ✓ The SEC has added two new events requiring disclosure:

- 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.
  - 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.
- ✓ The SEC's first disclosure addresses if the NVTA takes on additional debt or changes our agreement on debt, such that it would have a material effect on the security of existing bond holders.
- ✓ The second disclosure is if there is a default or if the NVTA does something in the debt structure to prevent a default that reflects financial difficulties.
- ✓ A list of disclosure events is provided on page 7 of the attachment. The wording is the same as SEC and Bond Counsel, finance advisor and Council of Counsels has reviewed.
- ✓ The SEC puts out 14 disclosure events, the NVTA has voluntarily added a 15<sup>th</sup> related to not timely posting audited financial statements.
- Mayor Parrish asked Mr. Longhi what needs to be done to disclose. Mr. Longhi responded, the Municipal Securities Rulemaking Board has established a system called the Electronic Municipal Marketplace Access (EMMA) system, the information would be posted there. He added, the NVTA does an annual posting that includes financial statements and three tables that reflect the revenue situation for the Authority.
- Chairman Bulova moved Finance Committee recommendation of Authority approval of the attached update to the Authority's Continuing Disclosure and Post Issuance Policy (Policy 21), seconded by Mayor Rishell, motion passed unanimously.

**V. Investment Policy (Policy 13) Change**

Mr. Longhi, CFO

- Mr. Longhi sought Committee recommendation of changes to the Investment Policy, noting:
  - ✓ The Investment Policy was adopted on December 11, 2014, and has not been updated since that time.
  - ✓ These changes do two things:
    - Make the Investment Policy consistent with the Code of Virginia.
    - Make the Investment Policy more restrictive than the Code of Virginia in one area.
  - ✓ Staff realized the Corporate Note and Negotiable Certificate of Deposit standards in the Investment Policy were inconsistent with the Code of Virginia. 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.
    - The portfolio did not contain any Negotiable Certificates of Deposit which used Fitch Ratings in the purchase decision.

- The portfolio did contain three Corporate Notes totaling \$40 million of face value where the purchase decision included Fitch Ratings.
  - To bring the portfolio into compliance staff sold the three Corporate Notes at a gain of \$67,649.
  - The changes in item 10 - Corporate Notes and 15 - Negotiable certificates of deposit, page 9 of the attachment, eliminate the reference to Fitch Ratings.
- ✓ Makes the Investment Policy more restrictive than Code of Virginia requirements.
  - 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.
  - The Investment Policy matches the minimum requirements as set out in the Code.
  - 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.
- ✓ Mr. Longhi added the NVTA convened a regional investment discussion group that includes investment professionals from all Northern Virginia jurisdictions (NVTA member jurisdictions). This group as well as the Virginia Treasurer's Association, are interested in looking for a fix to Fitch being excluded as a rating agency, as part of the 2020 General Assembly session.
- ✓ The Fitch exclusion reduces the number of AA rated securities that can be purchased for the Authority's portfolio. 13
- ✓ Mayor Parrish inquired as to why Fitch is excluded. Mr. Longhi noted Fitch bought Duff and Phelps (which is listed in the Code) in 2000. The exclusion of Fitch probably grew from there.
- ✓ Mayor Rishell moved Finance Committee recommendation of Authority approval of the attached changed to the Authority's Investment Policy (Policy 13), seconded by Chairman Bulova. Motion passed unanimously.

### **Information/Discussion Items**

#### **VI. 2019 General Assembly Revenue and Budget Impacts**

Chairman Nohe

Ms. Backmon, Executive Director

- Ms. Backmon updated the Finance Committee on 2019 General Assembly Revenue and Budget Impacts noting:
  - ✓ Ms. Backmon sent email on yesterday notifying the Authority that SB1468 passed by a vote of 99-1. The next step is for the Governor to sign the bill.

- ✓ Senator Black, Authority Member, was the patron for SB1468.
- ✓ The administration is trying to secure funding for I-81 and it's moving quickly. As part of the deal, they are trying to put together a plan for some money to come to the NVTA. Ms. Backmon mentioned that this money would be a down payment towards the restoration of NVTA revenues.
- ✓ Under the proposed legislation:
  - Heavy Trucks would pay additional fees based on vehicle miles traveled.
  - \$24 million would come to NOVA, plus \$6 million that would be received from Wayfair (the authority is projected to receive between \$6.6 million and \$10 million from Wayfair).
  - The total back to the Authority would be about \$30 million. The administration is saying this return to the Authority is equivalent to what the governor's amendment included last.
  - The Authority would receive the Wayfair monies regardless of the I-81 legislation and potential monies coming back to the Authority.
- Chairman Nohe continued to update the Finance Committee on the impacts of General Assembly action, noting:
  - ✓ There is hope in the Assembly of a bill fixing I-81 which NVTA would support if the new money (for I-81) came from that region.
  - ✓ The bill would increase the statewide amount of fees that every truck pays to be licensed in Virginia, increasing the fee to the national average.
  - ✓ Tax on diesel fuel used by heavy trucks (semi, tractor, trailer, etc.) this is an additional motor fuel tax on diesel fuel used by heavy trucks when driving on the interstate. The vehicle miles traveled tax, accounts for diesel tax.
  - ✓ Since this tax is collected on interstate highways only, there will language the Authority has not seen yet that will essentially say the money must be spent to approve interstate highways.
  - ✓ The construction districts will be grouped together into a big organization akin to the NVTA called I-81 Improvement District. All money from the district will be put into a fund that will have to be used for I-81.
  - ✓ All money that flows to Hampton Roads and Richmond districts will go into a special fund called the I-64 Improvements District. VDOT control will be specific to each project.
  - ✓ NOVA major interstate highways are already part of toll concession projects.
  - ✓ The bill in its current form would take \$23 million that is generated in NOVA and given as a lump sum to the NVTA. The use of the money language is similar to the language in HB2313.
  - ✓ There will be different restrictions. The trucking industry will expect that Northern Virginia money be spent on interstate highways in Northern Virginia.
  - ✓ The secretary's office believes that the money would not be subject to the

- 70/30 split.
- ✓ Secretary Valentine assured Chairman Nohe she would get more information once the bill passes and will work with the NVTa to have the Governor put in amendments that makes sense for the Authority's usage.
  - ✓ Wayfair monies are not part of restoring regional money.
  - ✓ This is not RSTP and CMAQ funds, where the NVTa does the administrative work, then makes a recommendation to the Commonwealth Transportation Board (CTB). It would be Authority money that the Authority gets to allocate. It equates to about 20% of the total revenue lost. This does not constitute that everything is fair. However, it is a great down payment on restoration of the \$102 million that the NVTa has lost.
  - ✓ Mayor Parrish asked if the administration supports full restoration. Chairman Nohe responded, Secretary Valentine said the administration still supports full restoration of NVTa funding.
  - ✓ Mayor Wilson mentioned the administration is pitching the \$33 million as full restoration when combined with Wayfair money.
  - ✓ Mayor Rishell was clear that the damage done by the General Assembly needs to be undone.
  - ✓ Mayor Parrish asked was there any communication with the Conferees. Ms. Backmon responded that Ms. Baynard is talking to the Conferees. She added the total loss to the NVTa through the repeal of the TOT and Grantors Taxes, total \$75 million per year. The Metro members, the six Metro localities, have to pay \$27.12 million that comes from the 30% fund or some other funding source. The collective amount is \$102 million, this was the loss to the Authority's members.
  - ✓ Chairman Bulova mentioned the Authority should be clear on expectations as it relates to full restoration.
  - ✓ Mayor Rishell suggested talking points so Authority Members can be on the same page when talking to our Delegates and Senators. Mayor Parrish agreed.
  - ✓ Ms. Backmon suggested getting the talking points out to the Authority members as soon possible, noting signing day is Friday. She confirmed that the members would receive communication early next week.

## VII. FY2020 Budget Guidance

Mr. Longhi, CFO

- Mr. Longhi sought guidance from the Committee on the FY2020 Operating Budget and proposed budget initiatives as outlined in the attached budget, noting:
  - ✓ Not yet discussing 30% budget, largely because the budget is formulative. The Regional Revenue Fund Budget will change with passing of SB1468. The Regional Revenue Fund Budget is largely programmed through the adoption of the Six Year Program.
  - ✓ 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.

- ✓ 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 FY2019.
- ✓ The FY2020 base budget assumes an additional 5% increase in health premiums. The actual renewal rate will not be available until May.
- ✓ 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.
- ✓ 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.
- ✓ For FY2020, \$20,000 has been added to fund the cost of a follow-up to the recent Chmura Economics & Analytics, Economic Impact Study. The study will be expanded to show the impacts of Authority funded transportation project implementation and use within Northern Virginia and the Commonwealth. 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.
- ✓ Graphic design and printing cost for the Annual Report is expected to increase by \$1,000.
- ✓ During the FY2019 budget process, the Committee was informed of the unexpected level of consultation required with bond counsel due to the 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.
- ✓ FY2019 budget was increased \$40,000 to replenish the Operating Reserve from FY2018 and to provide additional resources for FY2019.
- ✓ Mr. Longhi noted the same strategy was used for the Financial Advisor expenses related to the 2018 General Assembly session.
- ✓ Mr. Longhi added that the lines should be returned to their normal budget levels in the FY2020 budget and not budget something extreme that may not happen.
- ✓ The Authority did not require a significant analysis in FY2019 from the Financial Advisors or Bond Counsel. If there is a very active legislative session in 2020, Mr. Longhi recommended that the same strategy be used.
- ✓ 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 Financial Advisory and Bond Counsel services.
- ✓ 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 to implement the first stage of Investment Manager Monitoring Service (Bloomberg).
- ✓ Mr. Longhi noted the \$67,000 gain on the sale of corporate notes mentioned earlier was a direct result of having the Bloomberg system in place.
- ✓ Mr. Longhi noted all IT support and hosting services are contracted out. The IT Support and Hosting 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.
- ✓ The FY2019 Budget included \$60,000 for Phase 1 of the Project Implementation, Monitoring and Management System.
  - Phase 1 is scheduled to be fully implemented by July 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.
- ✓ 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 deliver their intended scope, on schedule and within budget.
- ✓ Phase 2 and Phase 3 will be implemented during the FY2020 budget cycle, broken up into:
  - \$57,500 for monitoring.
  - \$57,500 for on-line dashboard.
  - \$25,000 for technical support.
- ✓ Web Development and hosting includes the maintenance and support costs for the Authority and Transaction websites. There are currently two websites. This line also includes the cost for social media services, web domain registration fees and to make some web site adjustments.
- ✓ Administrative expenses include Professional Development/Training and Industry Conference accounts have been merged into a single general ledger account for the FY2020 budget to facilitate ongoing reporting.
- ✓ NVTA's office lease with NVRC has an annual escalation of 2.5%. The current lease expires in October 2019. The Committee received a report at the September 2018 meeting, which set the expectation to renew the lease with NVRC.
- ✓ The Operating Reserve is built into the financial policies, it's 20% of the Operating Budget and adjusts accordingly
- ✓ Effective with the FY2017 Operating Budget the Authority approved an Equipment Replacement Reserve to be funded at \$4,500 per year. 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.
- ✓ 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 GIS plotter has been experiencing issues and is expected to be replaced using the

- funds in the Equipment Reserve in FY2019.
- ✓ Addressing proposed new initiatives for the draft FY2020 Operating Budget Mr. Longhi described the proposed changes to Public Outreach, and the addition of one finance and two planning positions.
  - ✓ Addressing the Public Outreach & Regional Event Support budget line, Mr. Longhi noted:
    - Photographer and 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.
    - Proposed increasing the budget \$1,250 for ground breaking, ribbon cutting and outreach commemorative items.
    - Budget increase 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.
  - ✓ Moving to the request for an additional finance staff position, Mr. Longhi noted the NVTAs 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.
  - ✓ Mr. Longhi explained maintaining excellent professional standards, noting:
    - 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. 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 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.
    - Thus far for FY2019, only one (Town of Hillsboro), project has requested reimbursement. Those reimbursements total \$1 million.
    - Reimbursements require up to date certificates of insurance (COI) among other verification requirements.



- 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 in planning, finance and communication for their projects.
- ✓ Mayor Rishell inquired does the 30% need to be used specifically on staff for the project. Mr. Longhi responded, specifically 30% has to be used for staff specific to transportation. He added you can certain staff time to support an approved project. It can also be used to support personnel (project planning for transportation).
- ✓ Ms. Backmon added HB2313 specifies the uses for the 70% fund and 30%. One of the uses for the 30% is public transportation purposes.
- ✓ The annual certification now has to include an analysis of cost recovery.
- ✓ Requested for two Regional Transportation Planner positions is presented as an executive summary with full detail in Item VII, Attachment 2.
- ✓ Mr. Longhi noted during the 2014, 2015-2016 and 2017 funding programs things happen in sequence. Now in order to support a two-year update to the SYP and the next TransAction update, things have to happen in parallel or concurrently.
- ✓ Mayor Parrish noted he is probably one of the harder people to get to support new positions and he has read the analysis which is good and supportable to him. He suggested the conversation move on jurisdictional staff and the Committee will look at it again with the budget proposals.
- ✓ Mr. Parrish asked if the Committee supported this approach, which was affirmed by voice.

#### **VIII. Draft Policy 29- Project Activation, Monitoring and De-Appropriation**

Mr. Longhi, CFO

- Mr. Longhi sought Committee guidance on proceeding with draft policy regarding project activation, monitoring and funding de-appropriation, noting:
  - ✓ Mr. Longhi referred to the attachment in Item IX of the staff report.
  - ✓ The comments received from jurisdictions and agencies are attached.
  - ✓ The discussion topic that will go back to RJACC at the end of this month is the definition of a substantive reimbursement.
  - ✓ The staff put a definition to substantive reimbursement as noted in the attached draft.
  - ✓ Both NVTA and project sponsors want certainty and clarity.
  - ✓ The difficulty acknowledged by everyone assisting with the policy development is to have a definition which is:
    - Meaningful enough to act as a benchmark.
    - Relevant to projects of all sizes, modes and complexities. (Noting the Authority has appropriated funds to \$150,00 projects and \$250,000,000 projects.)
    - Flexible for when the Authority funds a component of a larger project or, when a project sponsor has multiple funding sources.
    - Reliable over time since the Authority is funding projects which will not start for several years.
  - ✓ The most important change is the substantive drawdown definition.
  - ✓ 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.
- ✓ Mayor Rishell added that a definition is needed because Manassas Park, on occasion, has had contractual problems due to loose definitions of substantive. Mr. Longhi, responded that ultimately the definition relies on judgment and communication.
  - ✓ Ms. Backmon added that once the Authority adopts a funding program, it is important to keep dialogue and lines of communication open. It is the goal for every project to come to fruition once adopted.

**IX. Other Financial Matters**

Mr. Longhi, CFO

- Mr. Longhi advised that with the Federal Government shut down, staff determined undertaking a resiliency analysis to assess the impact on funding plans was prudent.
  - ✓ Worse case scenarios of 9/11, sequestration in 2002, and the 2014 Affordable Care standoff were used as the benchmarks.
  - ✓ Combined the sales tax took a 6.1% reduction.
  - ✓ It was found that through conservative revenue estimates, SYP taper, strong investment portfolio earnings, and the Working Capital Reserve; the NVTa can sustain a \$58.3 million one-time revenue reduction.
  - ✓ The reduction for 30% Distribution would be \$25 million. However, there are no reserves to soften that impact.
  - ✓ Even though there was a shut-down, the Finance Committee's actions have put the NVTa in a very good place fiscally.
  - ✓ January sales tax receipts are November sales, the impact of the shut down will not be seen until March. At which time, there is not much room to recover before the end of the fiscal year.
- Custody Service through BB&T
  - ✓ Reviewed the BB&T custody agent proposals and discovered the agreement was a good deal price wise. Rather than reacting too quickly to the problems caused by the BB&T investment instrument misclassification and initial refusal to correct. Mr. Longhi met with BB&T about expectations:
    - Operating team remains same.
    - Management team changes.
    - Formal, faster dispute resolution process.
    - Investigate new technology links
    - Better rate of return on cash temporarily staged in the custody account.
    - BB&T has made progress with the new expectations, except dispute resolution. There has not been any new disputes.
  - ✓ Mr. Longhi recommended staying with BB&T since an understanding has been reached.
- Mr. Stavros is exploring direct investment purchases. With the subscription tools in place, NVTa has the technical ability to buy directly from the issuers or underwriters. It will require some policy modifications and research. Staff will present more information at a future meeting.

**X. Investment Portfolio**

Mr. Stavros, Investment & Debt Manager

- Mr. Stavros provided the Northern Virginia Transportation Authority (NVTa) Finance Committee with required reports on investment activities and portfolio performance through January 31, 2019, noting:

- ✓ Confirmed portfolio is in compliance and instruments were acquired on the basis of safety, liquidity and then yield.
- ✓ Portfolio has grown \$30 million since last meeting.
- ✓ Major change is the doubling of treasuries from 6% to 12% of the portfolio for safety.
- ✓ The portfolio is still very liquid.
- ✓ Reference page three of Item XI, the duration is modest and there is capacity in terms of the analysis of the SYP appropriations that can be extended a little bit.
- ✓ In terms of yield, there has been a dramatic change in the rate environment and with yesterday's Federal Reserve announcements, it doesn't appear that there will be a rate increase. Some economist are forecasting a seventy five basis point reduction through 2020.
- ✓ Mr. Stavros acknowledged his appreciation of the Bloomberg Management Systems. It is an invaluable tool to keep portfolio in compliance.
- ✓ On November, 20, 2018, Bloomberg monitoring system alerted 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 at a gain.
- ✓ Mark-to-Market position has improved.
- ✓ Since 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). Mayor Parrish commended the work of the Finance Team.

**XI. Monthly Revenue Report**

Mr. Longhi, CFO

- Mr. Longhi updated the Committee on monthly revenue receipts and 30% funds distributed to member localities, noting:
  - ✓ 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.
  - ✓ Also covers jurisdictions getting their 30% funds.
  - ✓ February 28<sup>th</sup> is the deadline. One jurisdiction has not completed the HB2313 required annual certification process to receive FY2019 30% funds. The locality is confident their annual certification will be received before the deadline.

**XII. Operating Budget Report**

Mr. Longhi, CFO

- Mr. Longhi updated the Committee on the Authority's Operating Budget for FY2019, noting:
  - ✓ Operating revenue is at 100% of estimate.
  - ✓ 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.

**Adjournment**

- Meeting adjourned at 2:32pm.

**Next Meeting: March 21, 2019**