



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Thursday, March 15, 2018 1:00PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

MEETING SUMMARY

I. Call to Order/Welcome

Vice Chair Mayor Rishell

- Vice Chair Mayor Rishell called the meeting to order at 1:03pm.
- Attendees:
 - ✓ Members: Vice Chair Mayor Rishell, Chairman Bulova; Chair Randall;
 - ✓ Authority Members: Chair Cristol; Ms. Hynes (via telephone)
 - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Carl Hampton (Investment & Debt Manager); Peggy Teal (Assistant Finance Officer); Yolanda Thomas-Jones (Clerk).
 - ✓ Council of Counsels: Ellen Posner (Fairfax County); Steve MacIsaac (Arlington County); Rob Dickerson (Prince William County)
 - ✓ Other Attendees: Rob Whitfield (FCTA); Tom Biesiadny (Fairfax County); Penny Newquist (Loudoun County); Bob Brown (Loudoun County); Mesert Nyn (Loudoun County); Dan Malouff (Arlington County); Maria Sinner (VDOT); JoAnne Carter (PFM); Kristie Choi (PFM), Noelle Dominguez (FDOT).

II. Summary Minutes of the January 18, 2018 Meeting

- Chairman Bulova moved approval of the minutes of February 15, 2018; seconded by Chair Randall. Motion carried unanimously.

Action Items

III. FY 2019 Proposed Operating Budget

- Ms. Backmon presented the proposed FY 2019 Operating Budget.
- Chair Randall expressed concern on taking action on the FY2019 Operating Budget due to pending legislative changes to the Authority's revenues. She stated she can agree to a base budget, but would not be able to vote on the Operating Budget due to pending legislation.
- Ms. Backmon acknowledged Chair Randall's concerns and mentioned she would hope that this action can be addressed at the April 2018 Finance Committee meeting and forwarded to the Authority for action in May 2018.
- The Committee asked about the impact of a delay in recommending the Operating Budget for Authority approval.
 - Ms. Backmon highlighted the importance of the project management software and the impact it could have on managing current and future projects. Currently, there are a total of 78 projects, 62 are active. There will be a call for projects in January 2019.

- Mr. Longhi noted the remaining months of FY 2018 could be used to start the procurement of the project management software. Delays in budget adoption may result in the software not being available for the January 2019 call for projects.
- Chair Rishell highlighted the intricate amount of data entry needed to manage the projects through a Microsoft Excel spreadsheet.
- Mr. Longhi mentioned there are three changes to the proposed Base Budget.
 - ✓ Renewal rates for the FY 2019 Health Benefits Program resulted in an increase of 11.4% in premiums.
 - ✓ NVTAs are on the cusp of exceeding the FY 2018 budget for legal services, due to the support related to the General Assembly action.
 - ✓ He mentioned that the NVTAs have been historically underspent on legal services. Consequently, the FY 2018 budget was reduced from \$50k to \$25K.
 - ✓ The legal services budget could be exceeded by \$20,000 or more in FY 2018. Any out of budget FY 2018 expenditures will be covered by the Operating Reserve.
 - ✓ The FY 2019 increase of \$40,000, will replenish the Operating Reserve.
- Mr. Longhi reported the financial advisory service fees had been reduced by nearly 50% and proposed the same use of the Operating Reserve as noted for legal services.
- The NVTAs staff will seek bond counsel approval to reimburse ourselves for as many of these fees as possible as part of the next debt issuance.
- Mr. Longhi addressed concerns regarding potential delays in starting the procurement of the Program Monitoring and Management System (PMMS).
 - ✓ NVTAs have split the procurement into two fiscal years already. The idea is to have the application process (\$60,000) ready for the upcoming two year update to the Six Year Program (SYP).
 - ✓ Delay approving the Operating Budget to May or June 2018 will delay the procurement.
 - ✓ Would need to have an award on July 1, 2018, when funds are available. In order to move the project forward and have system available in December 2018 for the two year update.
 - ✓ Chair Randall inquired was May 2018 to start process. Mr. Longhi mentioned the timeframe is aggressive, given staff limitations.
 - ✓ Chair Rishell inquired about the possibility of moving forward on the procurement without a recommendation. Mr. Longhi responded that we can't start a procurement unless we are certain the budget has been appropriated.
 - ✓ Chair Randall asked about the possibility of calling a special Finance Committee meeting before the Authority meeting scheduled for April 12, 2018. Ms. Backmon responded, that an Authority meeting is a possibility if there is a quorum and we have clarity on the legislation as it relates to the Authority.
 - ✓ Mr. Longhi noted NVTAs will soon have \$2B in projects being managed in an Excel spreadsheet. With the next call for projects, there is an expectation that the NVTAs will have an additional \$400M in projects to oversee.
 - ✓ Mr. Longhi advised that the Authority has an economic interest in the projects for the duration of their useful lives, and is required to manage that responsibly.
- Chair Randall acknowledged the technical need Mr. Longhi mentioned. However, she expressed uncertainty about how the decisions from the upcoming General Assembly legislation will then impact what monies are available. Chair Rishell was in agreement.

- Action deferred to the May 2018 Committee meeting.

Information/Discussion Items

- IV. 2018 Legislative/Budget Impact Update** Ms. Backmon, Executive Director
- Ms. Backmon gave an update on the impact of the legislative changes.
 - ✓ The House and Senate took action on the Conference Report, which was different than what was discussed at the March 2018 Authority Meeting.
 - They reached the \$154M goal for Metro with the repeal of the Grantor's Tax and the Transient Occupancy Tax (TOT) from the NVT A.
 - Projected FY2018-23 30% distributions would be reduced by \$254.2 million under the Conference Report.
 - The repeal of the Grantors Tax and TOT leaves the Authority with one revenue stream and a net reduction of approximately \$85M per year.
 - Mr. Longhi reviewed and discussed the analysis prepared by NVT A staff addressing the impact of the Conference Bill.
 - ✓ Takes Six Year Program PayGo from \$1.5B to \$1.26B.
 - ✓ 30% Fund will be reduced by \$254.2M.
 - Mr. Longhi mentioned the next step after revised revenue projections is to determine PayGo availability.
 - He acknowledged that the Authority staff is working on a Six Year Program funding strategy based on projected PayGo.
 - Regarding the legislative changes, Mr. Longhi stated NVT A staff will work on transitional issues with the nine member jurisdictions to avoid miscommunications.
 - Ms. Backmon added that the Authority adopted three principles regarding Metro funding.
 - ✓ Constitutionality
 - ✓ Creditworthiness
 - ✓ Credibility of the Authority
 - Ms. Backmon mentioned that the constitutionality is not an issue. However, there are concerns regarding creditworthiness and credibility.
 - Mr. Longhi advised that the NVT A will need to post a voluntary disclosure to the Municipal Securities Rulemaking Board (MSRB) by the end of March 2018.
 - The voluntary disclosure will be part of the annual required disclosure to be posted on the MSRB Electronic Municipal Market Access system (EMMA) by the end of March 2018.
 - Mr. Longhi noted additional mandatory disclosure will be required in April 2018 to be posted on the MSRB's EMMA system.
 - Chair Randall suggested quickly and collectively gathering the jurisdictional members together to decide if there is a Northern Virginia response to the Conference Bill. Chair Rishell and Chairman Bulova agreed. Any communications should be sent to the Governor's office by April 9, 2018.
 - Ms. Backmon noted the Planning and Programming Committee will add this to their agenda for their next meeting.
- V. FY2019 Regional Revenue and Local Distribution Budgets** Mr. Longhi, CFO
- Mr. Longhi updated the Committee on preparations for the FY 2019 Regional Revenue Fund (70%) and Local Distribution Fund (30%) budgets.
 - A Regional Revenue budget is not needed until the Authority is ready to make project decisions.

- The proposed program release date is April 12, 2018 with the Public Comment Period opening April 13, 2018. Once we know what the final legislation is, we will enter the numbers in the model.
- Mr. Longhi added that the Local Distribution Fund Budget starts with 30% of the total revenues received by the Authority, based on the individual transactions originating in each of the member jurisdictions.
- Mr. Longhi mentioned the while the Local Distribution Fund Budget is based on projected revenues for each of the member jurisdictions, the budget recognizes that the actual transfers to jurisdictions will be based on the revenues generated from actual transactions within individual jurisdictions, as reported by the Commonwealth.
- Based on the revenue accrual methodology implemented by the NVTa since the passage of HB 2313, Local Distribution Fund transfers for FY 2018 can be expected to continue to be accrued back as FY 2018 revenues during the first months of FY 2019 as follows:
 - ✓ Sales Tax through August 2018.
 - ✓ Grantors Tax through July 2018.
 - ✓ Transient Occupancy Tax through August or September, depending on jurisdiction.
- Mr. Longhi noted that the NVTa would prepare a budget proposals for the Finance Committee as quickly as possible based on the General Assembly action in order to preserve the schedule of the SYP.

VI. Investment Portfolio

Mr. Longhi, CFO

- Mr. Longhi advised that the investment estimated income was \$5.8M it is on track to bring in \$10.5M.

VII. Monthly Revenue Report

Mr. Longhi, CFO

- Mr. Longhi noted the February 28, 2018 deadline for all jurisdictions to have their annual certifications complete. All jurisdictions met the deadline. Every jurisdiction will receive 30% monies for FY 2018.

VIII. Operating Budget Report

Mr. Longhi, CFO

- The Operating Budget is on track except as noted earlier regarding legal services and financial advisory services.

Adjournment

- Meeting adjourned at 2:07pm.

Next Meeting: April 19, 2018
(Subsequently revised to May 2, 2018)