

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

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

FROM: Mayor Parrish, Chairman – NVTA Finance Committee

DATE: December 5, 2019

SUBJECT: Finance Committee Report of the November 21, 2019 Meeting

1. **Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) with a report of NVTA Finance Committee (Committee) activities.
2. **Background:** The Finance Committee last met on Thursday, November 21, 2019. The next meeting is scheduled for Thursday, January 16, 2020, at 1:00 PM. The following summarizes the November 21st meeting.
3. **NVTA Community Bank Program Presentation:** Ms. Anna McDonald (United Bank – Assistant Vice President) and Richard Stavros (NVTA - Investment and Debt Manager) provided a presentation of the NVTA Community Bank Program. Their presentation noted:
 - a. This program allows Northern Virginia community-based banks which meet rigorous review requirements and pay above market rates, to hold NVTA deposits.
 - b. Additionally, these banks must demonstrate significant community-based activity beyond what is required in the Federal Community Reinvestment Act (CRA). United Bank has the distinction of receiving the highest rating in all three categories of the CRA. Less than 10% of banks nationally have this distinction.
 - c. The intent of the program is to safely invest the proceeds from Northern Virginia's taxes back into Northern Virginia by providing deposits to community-based banks.
 - d. The funds are invested through money market accounts and certificates of deposit with various terms and maturities. These deposits are comprised of funds that have been appropriated by the Authority for future transportation project expenditures.
 - e. There is current \$203 million on deposit with three community-based banks through the program. United Bank currently holds approximately \$100 million.
4. **Information/Discussion Items (February 21):**
 - a. **Policy 29 Report:** The Committee received and discussed the third report of NVTA funded projects with Policy 29 compliance concerns. Discussion focused on the Arlington County, Ballston Second Metro Entrance project. Additionally, while not under Policy 29, the Committee discussed two WMATA Traction Power Projects on the Orange and Blue Lines with apparent conflicts with NVTA Resolution 14-8 and project application compliance.

- b. Financial Activities Report:** The Committee received a report of items the Finance Team is currently focusing on. This report covered:
 - i. Preparations for the FY2021 Operating, Regional Revenue and Local Distribution Budgets.
 - ii. Revenue Estimate Updates.
 - iii. SB1716 Revenue Estimate Shortfall.
 - iv. TransAction Contract Amendments 4 and 5.
- c. Investment Portfolio Report.** The Committee received reports and provided comments on investment activity and performance. The report to the Committee noted that the portfolio continues to outperform benchmarks and is retaining return and value relative to the declining interest rate market.
- d. Monthly Revenue Report.** The report received and discussed by the Committee showed sales tax-based revenue is showing a marked increase. This increase is prospectively linked to the implementation of taxes on internet sales. However, the SB1716 (I-81 Heavy Truck Registration and Diesel Fuel) receipts are currently far behind what would be expected to meet the Commonwealth's revenue projections of what the Authority should receive in FY2020. Staff also discussed information recently received from the Commonwealth related to the SB1716 revenue. The Commonwealth has noted some transaction processing issues which they hope to be resolved in February 2020.
- e. NVTA Operating Budget.** The report received and discussed by the Committee showed the Operating Budget was positive to projections, with no changes projected at this time.