



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Thursday, May 19, 2016 1:00PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

AGENDA

I. Call to Order/Welcome Chairman Parrish

II. Summary Minutes of the March 3, 2016 Meeting
*Recommended action: Approval [with abstentions
from those who were not present]*

III. Debt Scenarios & Capacity Analysis
Presentation Mr. Longhi, CFO
Ms. J. Carter, PFM

IV. Virginia Retirement System, Alternative Rate Option
Action Items Mr. Longhi, CFO
Recommended Action: Recommend NVTA Not Adopt the Alternative Rate

V. Draft Revisions to NVTA Policy 17- FY2017 Program First Drawdown
Mr. Longhi, CFO

VI. NVTA Monthly Revenue Report Mr. Longhi, CFO

VII. NVTA Operating Budget Report Mr. Longhi, CFO

VIII. Financial Activities Update – (no written report) Mr. Longhi, CFO

IX. Adjournment
Adjournment

Next Meeting: June 16, 2016 at 1:00PM
3040 Williams Drive, Suite 200, Fairfax, Virginia



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Thursday, March 3, 2016 1:00PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

MEETING SUMMARY

I. Call to Order/Welcome

Chairman Parrish

- Chairman Parrish called the meeting to order at 1:02pm.
- Attendees:
 - ✓ Members: Chairman Parrish; Chairman Bulova; Chair Randall; Council Member Rishell.
 - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer); Camela Speer (Clerk).
 - ✓ Council of Counsels: Ellen Posner (Fairfax County).
 - ✓ Other Attendees: Tom Biesiadny (Fairfax County); Penny Newquist (Loudoun); Peter Malgieri (Loudoun County); Joanne Carter (PFM); Kristy Choi (PFM); Rob Whitfield.

II. Summary Minutes of the December 7, 2015 Meeting

- Chairman Bulova moved approval of the minutes of December 7, 2015; seconded by Council Member Rishell. Motion carried with three (3) yeas and one (1) abstention [Chair Randall as she was not at the December meeting].

Action Items

III. Participation in the Virginia Retirement System, 457 Deferred Compensation Plan

Mr. Longhi, CFO

- Mr. Longhi briefed the Finance Committee on the proposed participation in the VRS, 457 Deferred Compensation Plan. He noted:
 - ✓ This completes the NVTa employee benefits package.
 - ✓ Based on guidance from the Authority and the Finance Committee NVTa staff researched benefits plans that were equitable with the member jurisdiction plans.
 - ✓ Participation allows employees to designate the amount of their compensation to be transferred to the Plan.
 - ✓ There is no obligation for the Authority to contribute.
 - ✓ The Plan allows employees to set aside savings in a traditional tax deferred or Roth Plan.
 - ✓ Cost of participation is estimated at \$150/year, based on expected participation levels.

- ✓ Staff recommends making participation effective on July 1, 2016.
- ✓ As a cost comparison, if NVRTA set up an individual plan, there would be a \$5,000 upfront cost with an annual cost of approximately \$500.
- ✓ Recommended the Authority pay the \$150/year VRS participation fee.
- It was asked if a comparative analysis was done with other entities other than VRS, or was the decision made on a cost basis. Mr. Longhi responded that when staff was researching the full employee retirement plan, we talked to jurisdictions that did not participate in VRS to see if we could join their 457 plan. As with the retirement plans, it was not practical for us to join them from a legal or a processing standpoint. Staff also researched establishing an independent plan just for the Authority and that is where the \$5,000 setup cost and \$500/year costs came from.
- It was asked if the Authority can choose to withdraw from this plan. Mr. Longhi responded that the Authority is locked in for two years, but that after that the Authority can decide to switch to a different plan.
- Chairman Bulova moved the Finance Committee recommend to the Authority approval of the election to participate in the Virginia Retirement System 457 Deferred Compensation Plan through the adoption of resolution 16-05; seconded by Chair Randall. Motion carried unanimously.

IV. Expenditure Transfer - \$124,700 From Regional Revenue Fund Budget to Operating Budget

Mr. Longhi, CFO.

- Mr. Longhi briefed the Committee on the expenditure transfer. He noted:
 - ✓ The Authority requires ongoing consultation and support from Bond Counsel and a Financial Advisor, as well as the annual payment of bond trustee fees.
 - ✓ In 2016 these fees were budgeted in the Regional Revenue Fund Budget, but subsequently it was determined they were appropriately budgeted in the Operating Budget.
 - ✓ In June of 2015 the Authority approved a three year contract with Public Financial Management Inc. (PFM) for financial advisory services of \$72,000/year.
 - ✓ Bond Council fees are hourly, but based on our current agreement are estimated to be no more than \$50,000/year.
 - ✓ Trustee fees are estimated to be \$2,700/year.
 - ✓ These estimates relate to annual fees and do not include the costs associated with a future bond issuance.
 - ✓ Where appropriate in the future, these annual fees will be wrapped into the cost of issuance on future bond financings and reimbursed to the Operating Budget. In the fiscal year following a bond sale, the reimbursement will be allocated as a credit to the member jurisdictions, reducing their share of the Operating Budget for that year.
- Council Member Rishell moved the Finance Committee recommend to the Authority approval of the expenditure transfer of \$124,700 for Financial Advisor Services, Bond Counsel and Bond Trustee Fees from the Regional Revenue Fund

Budget to the Operating Fund Budget in FY2016; seconded by Chairman Bulova. Motion carried unanimously.

V. Meeting Schedule for 2016

Chairman Parrish

- Mayor Parrish noted the proposed Finance Committee meeting dates for the next 12 months. He suggested the meetings be held the third week of the month to provide sufficient time for staff to prepare any Finance Committee materials for the NVTAs meetings on the second Thursday of the following month.
- There was consensus that Thursday would be the preferred day for all members.
- It was asked if there would be an August meeting, as most County Boards recess in August. It was noted that the August meeting would only be held if needed.
- It was suggested that the December meeting be placed in the “if needed” category as well.
- Mr. Longhi suggested that if there are no action items for any scheduled Finance Committee meeting, the meeting could be cancelled in advance.
- Chairman Parrish suggested the March 17, 2016 meeting may not be necessary and that that Committee would determine that later in this meeting.
- Chair Randall moved to adopt the proposed Finance Committee meeting schedule for the third Thursday of the month, as amended by the Committee; seconded by Chairman Bulova. Motion carried unanimously.

Information/Discussion Items

VI. Proposed FY2017 Local Distribution Fund (30%) Budget

Mr. Longhi, CFO

- Mr. Longhi briefed the Finance Committee members on the proposed FY2017 Local Distribution Fund (30%) Budget. He noted that:
 - ✓ This budget is really a requirement for the NVTAs financial reports.
 - ✓ This budget is recommended by the Committee and approved by Authority and allows us to disperse the 30% funds to the jurisdictions.
 - ✓ The Authority will actually disperse the funds as they are received, in accordance with HB 2313, so if there is any variation to this budget, we do what is required in HB 2313.
 - ✓ The projection for FY2017, based on revenue estimates that were approved in September of 2015, is \$95,883,763. This is divided among individual jurisdictions based on transactions that occurred in each jurisdiction.
- It was noted that the charts in the staff report show the tax type breakdowns. Mr. Longhi added that there is \$30,000 in interest included in the estimate. The interest is earned while the money is held at the State.

VII. Proposed FY2017 Regional Revenue Fund (70%) Budget

Mr. Longhi, CFO

- Mr. Longhi briefed the Finance Committee on the proposed FY2017 Regional Revenue Fund (70%) Budget. He noted:

- ✓ Sales tax, transient occupancy tax and grantor's tax revenue amounts are consistent with the October 2015 Authority adoption of the FY2017 to FY2023 revenue projections. In addition, estimates are included for projected interest earnings during FY2017.
- ✓ Total revenue is estimated at \$225,628,780.
- ✓ Prior to determining funds available for project funding, the annual debt service payment and reserve amounts must be budgeted. The Authority currently has two Regional Revenue Fund reserves as required in the adopted Debt Policy and a contingency for approved projects.
 - Debt service principal and interest for FY2017 is budgeted at \$5,551,150.
 - Debt Service Reserve is funded through bond proceeds and exists to protect NVRTA's bondholders. Since it is funded through bond proceeds, there is no expenditure in the budget for the Debt Service Reserve.
 - Working Capital Reserve (WCR) must be equal to at least six months of the budgeted Regional Revenues and is intended to protect the approved projects from any revenue disruptions. The WCR may be used to manage any mismatches in the actual receipt of revenue and the disbursement of funds for projects. This also protects the bond holders and enables the Authority to respond to unforeseen circumstances which disrupt revenue. Added that one of the concerns in the past was disruption in the approval of the State budget.
 - It was asked what the purpose of the incremental adjustment in this budget is. Mr. Longhi responded that the adjustment is to bring the total amount of the reserve up to the required six month level. He noted that the initial funding for this reserve was completed in FY2016. The adjustment for FY2017 is \$3,706,879.
 - Contingency for Approved Projects was adopted by the Authority at 3.8% of estimated Regional Revenue Fund revenue. The policy for this reserve is in development. Based on the projected revenue for FY2017 \$257,353.48 needs to be added to this reserve.
- ✓ The carry forward and release for project funds amount represents unassigned Regional Revenue Funds from prior fiscal periods and previously assigned project funds that have been released, typically due to the project being finished under budget. This amount is projected at \$50,649,838.50 for FY2017 and includes some interest.
- ✓ The funding available for projects is the amount available through the proposed FY2017 Regional Revenue Fund for PayGo projects. The actual amount programmed for projects will be determined when the Authority adopts the FY2017 Project Program. Total availability for FY2017 is \$266,763,235.62.
- ✓ The Cumulative Regional Revenue Reserve Balances include the \$112.8 million for WCR, \$5.5 million for Debt Service Reserve and \$8.5 million for Contingency Reserve. Noted, the Contingency Reserve is in place, but no expenditures can be made from this reserve until a policy is adopted.
- Ms. Backmon explained the concept for the Contingency Reserve. She noted that last year the Finance Committee recommended the Contingency Reserve to address potential project cost overruns. The reserve was recommended at 3.8%

and the Authority adopted this. The money is budgeted, however, the policy has not been adopted regarding the use of the Contingency Reserve. She added that an Advisory Panel was developed to help formulate this policy. Ms. Backmon noted that the Panel raised some concerns regarding the fact that the Authority evaluates project cost when it considers funding a project. Specifically, if the project costs change after its initial evaluation, how would this cost change impact the scoring and evaluation of a project. She noted that this request could be a small amount, or an amount large enough that the Authority may not have chosen to fund the project. Ms. Backmon added that there were other considerations as well. She concluded that the Advisory Panel will be reconvened, the policy will be developed and will come to the Finance Committee for recommendation to the Authority.

- The proposed Virginia General Assembly bill SB 549 regarding proffers was discussed.

VIII. Proposed FY 2017 NVRTA Operating Budget

Ms. Backmon, ED

- Ms. Backmon stated that the NVRTA's Operating Budget comes from the jurisdictions' 30% funds and explained the options and procedures involved. She noted that in FY2017 the Authority is estimated to receive \$319.5 million in revenue. The Regional Revenue Fund will receive 70% or \$223.6 million of this revenue for debt service and PayGo projects approved by the Authority. Member jurisdictions will receive approximately \$95.9 million or 30% of the annual revenue for transportation projects. Ms. Backmon added that the bills currently under consideration in the General Assembly that refer to the Weldon Cooper population projections versus estimates do have an impact on the NVRTA Operating Budget. Per current State code, the NVRTA uses Weldon Cooper population projections to determine the jurisdictional allocations to the Operating Budget. Allocations based on both projections and estimates have been shown in the staff report to show the difference. Ms. Backmon added that it is anticipated that these bills will be approved, requiring the NVRTA to use Weldon Cooper population estimates instead of projections for future allocations. The Authority will use whatever allocation methodology is required as of July 1, 2016 to allocate the Operating Budget expenses.
- There was a brief conversation about the Weldon Cooper methodologies and the differences in the allocations to the jurisdictions based on the two methodologies.
- Ms. Backmon reviewed the FY2017 base budget increases:
 - ✓ Based on Finance Committee guidance, employee compensation is commiserate to the jurisdictions employee compensation. Based on research, member jurisdictions are looking at a 3.5% average increase.
 - ✓ Increase in VRS annual required contribution rate.
 - ✓ Increase in insurance costs.
 - ✓ As explained in the Expenditure Transfer item, Financial Advisory, Bond Counsel and Bond Trust Fees have now been included in the FY2017 base budget.
 - ✓ Increase of \$1,900 for IT support services.
 - ✓ Increase of \$10,200 for office lease.

- ✓ Increases in postage, professional development, training and conference costs for staff.
- ✓ NVTAs Debt Policy requires a 20% Operating Reserve. This has been increased based on increases in the Operating Budget.
- Mr. Longhi explained the FY2017 base budget cost allocations to jurisdictions. He noted that these allocations do not include the requests for budget additions in FY2017.
- Ms. Backmon stated that the FY2017 budget addition requests include two full time positions, a Transportation Planner and an Investments & Debt position. She added that in December of 2014 the Authority adopted an investment policy and that staff would like the resources to start implementing this policy.
- Mr. Longhi noted that based on the request at the last Finance Committee meeting, NVTAs staff have met with staff in all jurisdictions to review these additional budget requests. He explained the Investment and Debt position will be a key resource in performing complex financial analysis of current and proposed projects, as well as ensuring post issuance and IRS compliance with bond regulatory requirements, in addition to implementing the Authority's investment policy. He highlighted the quantitative measures that provide evidence of the Authority's growing future fiscal position:
 - ✓ Balance sheet as of December 31, 2015 was \$560 million. Most of this is placed with LGIP, which is a safe investment, but pays a low interest rate.
 - ✓ As of the end of February, 2016, the Authority's balance sheet had grown to \$575.8 million. It is growing at about \$16 million a month. This is reflective of cash on hand, but of note, the Authority has adopted transportation projects for a bulk of this money.
 - ✓ Annual project reimbursements are projected to reach approximately \$242.7 million. Each reimbursement gets screened by a Program Coordinator, the Assistant Finance Officer and the CFO.
 - ✓ Monthly 30% distributions will total \$95.8 million this year.
 - ✓ FY2017 revenue is projected at \$320 million.
 - ✓ FY2017-2023 revenue is projected to exceed \$2.4 billion.
 - ✓ NVTAs debt capacity will be \$1.8 million.
- Mr. Longhi stated that the Authority's Investment Policy is about 50 pages long and requires much due diligence. He added that we need to ensure that funds are invested safely, with an eye towards liquidity and yield. The yield when implementing the Investment Policy on a very conservative basis will increase interest earnings by \$1.6 million, which will go into the Regional Revenue Fund. However, the cost for this position will come from the Operating Budget.
- Mr. Longhi noted that the cost implications to each jurisdiction for this position are included in the staff report.
- Ms. Backmon explained the Transportation Planner position and the reason for the name change from Program Coordinator. She highlighted the current activities of the Program Coordinators:
 - ✓ Monitoring 64 active projects.
 - ✓ Evaluating 24 projects as part of the FY2017 Program.
 - ✓ Updating TransAction.
 - ✓ Intend to develop full Six Year Program when TransAction is complete.

- Ms. Backmon added that we currently have two Program Coordinators and that they are stretched thin. She noted that in addition to doing the work of the Authority, the Program Coordinators are:
 - ✓ Monitoring and attending regional meetings that could impact the Authority and are important to regional planning.
 - ✓ Tracking and calculating long term benefits.
 - ✓ Working to incorporating HB 599 into the update of TransAction.
- Ms. Backmon stated that this position is not to plan for the future, but to adjust for the activities already ongoing. She noted that the staff report shows potential starting salaries, total cost for the position and costs to member jurisdictions for this position.
- Ms. Backmon explained the request for a contracted position to provide Legislative Services for the NVTa. She stated that the anticipated cost is a maximum of \$60,000 for 360 hours of Legislative Services per year. She noted that the need for this position was demonstrated during this General Assembly session when some member localities had different legislative positions than the Authority. Ms. Backmon added that currently the NVTa works well with jurisdictional legislative staff, but that their primary responsibility is to the jurisdiction. The following questions were discussed:
 - ✓ Would this contract be retainer based, or hourly based on hours used when needed? Mr. Longhi responded that this estimate is based on an estimation of the need for 360 hours of work.
 - ✓ If we don't need all hours, will there be a lesser cost, or is this a retainer? Mr. Longhi responded that the hours would start July 1, 2016 and that this estimate is for a short General Assembly session. He added that the scope of work includes coordinating with jurisdictional and agency legislative liaisons. Mr. Longhi stated that the contract cannot go over 360 hours without Finance Committee and Authority approval. He also noted that if it is a very active legislative session, there could be more hours needed.
 - ✓ Is 360 hours a conservative estimate? Mr. Longhi responded that this is a practical estimate, adding that if work can be done with less hours, it will be. He noted that this estimate is benchmarked based on the 2015 legislative session, which was also a short session.
 - ✓ Are there comparisons available to the needs of other entities like the Authority? Mr. Longhi responded that there are, but that similar entities have different levels of effort than the Authority. He noted that levels of effort change each year. Mr. Longhi emphasized that this is a practical estimate and will allow for regional legislative liaison coordination, while developing a legislative program specifically for the Authority.
- It was noted that while the jurisdictions will continue to monitor legislative activity for the Authority, it is a good idea to have our own representation. It was added that staff needs to ensure this is done as economically as possible and that coordination continues with the regional legislative liaisons. It was noted that the Authority will continue to have legislative challenges and there was consensus to approve the request for the contracting of Legislative Services.
- Mr. Longhi stated that given the size of this proposed contract, it will come to the Finance Committee for approval. He added that staff can provide a monthly report

to the Committee to allow for monitoring of hours and budget. Ms. Backmon noted that this can also be revisited in next year's budget cycle.

- A further question was raised as to whether the contract should be for 360 hours, or 280 hours and then increased as more hours become necessary. Mr. Longhi responded that discussions with firms indicated that this is a reasonable number of hours. He added that we want Legislative Service firms to take the contract seriously and compete for it. If it is too small a contract, it may not garner the level of expertise we are looking for. Mr. Longhi added that an informal bid was solicited to determine the level of effort for this contract and 360 hours was at the lower end of the level of effort.
- It was noted that it is important that NVTA staff is hearing this conversation.
- Mr. Longhi noted some additional increases to the proposed budget:
 - ✓ Additional office lease increases are related to new positions.
 - ✓ Additional Operating Reserve increases are due to Operating Budget increases.
 - ✓ Equipment Replacement Reserve is being set up at \$4,500 per year.
- Mr. Longhi explained the budget proposal breakdowns shown in the staff report.
- Mr. Longhi stated that briefings were held with each jurisdiction on the proposed budget. He added that within the staff report, NVTA staff has attempted to address all questions heard from the jurisdictional staff during these meetings. He noted that one frequent question was how this budget request compares to the support received by other Northern Virginia regional organizations. Mr. Longhi explained that it is difficult to compare the NVTA to other entities as they have different structures and different mandates. He stated that the comparison that is shown is the amount requested by each entity, compared to the amount administered. For FY2017, the proposed NVTA budget is requesting \$1,654,659 from member jurisdictions and is projecting FY2017 expenditures of \$373.8 million. NVRC is requesting \$1,951,258 and will administer \$11.7 million in grants and programs in FY2017. NVTC is requesting \$1,800,499 in total contributions and anticipates administering \$228.9 million in grant and motor fuels tax revenue in FY2017.
- It was stated that some jurisdictional staff members has suggested that the Authority does not need additional staff to support the HB 599 analysis, that the Virginia Department of Transportation (VDOT) should be doing this analysis. It was added that the Authority should not be taking on. Ms. Backmon explained that NVTA staff is working to incorporated HB 599 with TransAction so that there is not a separate HB 599 process. She added that the financial obligation would still be with VDOT. Ms. Backmon further explained that VDOT would like to bring HB 599 in-house because it is expensive to pay a consultant to do this work. She noted that since HB 599 is a necessary part of the NVTA's process, she is working with VDOT to find a cost efficient way to do this evaluation. Ms. Backmon concluded that the Authority is not proposing to pay for the HB 599 analysis. She added that there is a possibility of HB 599 being done in-house with VDOT certifying the results without the need for a consultant team.
- It was clarified that there is a concern that NVTA not supplant VDOT's funding for the HB 599 analysis. It was pointed out that one of the tasks of the new Transportation Planner would be analyzing congestion relief. Ms. Backmon

responded that this position would be working with VDOT through the HB 599 process, but not taking on the financial responsibilities.

- Chairman Parrish suggested the Committee move these budgets to the Authority for approval at the next meeting. There was consensus to move these items to the consent agenda for the March Authority meeting.
- Chair Randall moved the Finance Committee recommend to the Authority approval of the FY2017 Local Distribution Fund (30%) Budget, the FY2017 Regional Revenue Fund (70%) Budget and the FY2017 NVRTA Operating Budget; seconded by Chairman Bulova. Motion carried unanimously.
- Appreciation was expressed to the staff for the level of transparency and clarity provided in the budget presentations.

IX. NVRTA Monthly Revenue Report

Mr. Longhi, CFO

- Mr. Longhi stated that NVRTA revenues are currently 6.7% above estimates. He noted that based on guidance from the Finance Committee, estimates have been made conservatively. Mr. Longhi suggested this trending overage may be reduced over the rest of the year as current receipts are heavily influenced by the holiday season. He concluded that no changes to the FY2016 revenue estimates are recommended at this time.

X. NVRTA Operating Budget Report

Mr. Longhi, CFO

- Mr. Longhi stated that 100% of operating revenue has been received. January 2016 represents 58% of the year and, through January, the Authority has spent 55% of its expenditure budget. He concluded that even with the inclusion of the expenditure transfer, the Authority will end the year within budget.

XI. Financial Activities Update – (no written report)

Mr. Longhi, CFO

- No report.
- Ms. Backmon noted that it is anticipated that the fifth Finance Committee member will be appointed soon.
- Chairman Parrish asked where to direct citizens when they have questions about the Authority's projects and their progress. Ms. Backmon suggested sending them to the Authority's website, particularly the Annual Report and the project updates.
- Chairman Parrish noted that NVRTA has over \$500 million available and suggested that this money needs to be put to work. Ms. Backmon stated that while all NVRTA funded projects are advancing, many have other project funding sources and some of these sources have sun set clauses. Mr. Longhi added that the Authority has put its money to work, but that start up time for the projects has to be taken into account. He concluded that all of the money has been programmed to projects.

Chairman Parrish expressed gratitude that staff is keeping this in mind. Mr. Longhi added that the Authority also disperses money to projects on a reimbursement basis, so project work is done before we reimburse the submitting agency. It was noted that there is now a policy that if projects are not advancing, funding can be withdrawn.

- Chairman Parrish stated that there will be not Finance Committee meeting on March 17, 2016.

Adjournment

XII. Adjournment

- Meeting adjourned at 1:47pm.

FY2017 Project Funding Timing Outline

Presentation to the NVTA Finance Committee

May 19, 2016

If the Authority approves FY2017 project funding in excess of the available PayGo amount a plan of finance for the issuance of bonds will need to be prepared. This plan will include consultation with various parties such as the Authority's Financial Advisor, Bond Counsel, Council of Counsels as well as the Finance Committee.

Several of the FY2017 candidate projects are eligible for capital funding in whole or in phases. Funding of project phases may present cost saving opportunities. It is important that any candidate project's non-NVTA funding sources be confirmed before the Authority's project funding plans are finalized.

Some initial planning work can commence prior to the adoption of the FY2017 Project Plan by the Authority. However, efforts will begin in earnest once the Authority adopts the FY2017 projects and while the sponsors are preparing and presenting their Standard Project Agreements for approval.

The following is a high level outline of the preliminary FY2017 Project Funding Timing Outline:

- **May through June** – NVTA staff discuss project funding timing and phases with select project stakeholders as needed to obtain anticipated cash flow timing and levels.
- **May through July** – NVTA staff consult with Financial Advisor, Bond Counsel and Council of Counsels on funding plan and potential financing needs. Discussions will begin on the evaluation of need and potential timing for bond validation.
- **May 19, 2016** – Finance Committee receives briefing on Debt Scenarios and Capacity Analysis. Purpose of the presentation is to develop a framework to evaluate an appropriate level of financing for recommendation to the Authority.
- **June 9, 2016** – Authority Meeting presentation on Debt Scenarios and Capacity Analysis
- **June 28, 2016** - Planning and Programming Committee (PPC) meeting to consider project recommendations.
- **July 14, 2016** – Authority approves FY2017 Project Plan.
- **July 15 through August, 2016** – NVTA staff work with stakeholders of approved projects to confirm cash flow timing and level needs.
- **July 15 through September, 2016** – NVTA staff work with Financial Advisor, Bond Counsel, Council of Counsel on:
 - Project funding mix (projects and phases to be funded through PayGo and/or debt)
 - Evaluation of need and timing of bond validation
 - Ensuring additional sources (non-NVTA) funding plans are in place or sufficiently finalized for projection purposes.

- Prepare Plan of Finance, if approved projects exceed FY2017 Regional Revenue Budget (PayGo).
- Plan of Finance Goals:
 - Minimize Issuance/Interest Costs
 - Ensure funding available for project needs
- **October/November, 2016** – Present Plan of Finance to Finance Committee and subsequently Authority.
- **November 2016 through March 2017** – Monitor project non-NVTA funding commitments.
- **Early calendar year 2017** – Present Plan of Finance to the Finance Committee and Authority for consideration and approval, including bond validation
- **Calendar 2017** – Upon successful conclusion of bond validation, execute Authority approved plan of finance and issue bonds.



Debt Capacity Analysis

prepared for

Northern Virginia Transportation Authority

Finance Committee

May 19, 2016

Presented by
JoAnne Carter, Managing Director

Public Financial Management, Inc.
4350 N. Fairfax Dr., Suite 580
Arlington, VA 22203



The PFM Group
Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

Key Assumptions

- Assumes bond issuance during FY 2018
 - Timing of issuance would be planned to match construction cash flow
- Issuance of senior lien bonds with fully bond-funded Debt Service Reserve Fund (“DSRF”)
- 20 year amortization with a level debt service structure
- Current interest rates plus a 50bps cushion
- Preliminary revenue estimate for FY 2016 totaling \$218.2 million (70% Regional Revenues)
- Revenue forecasts for out years reflect recent estimates developed with revenue estimation committee

Scenario Summary

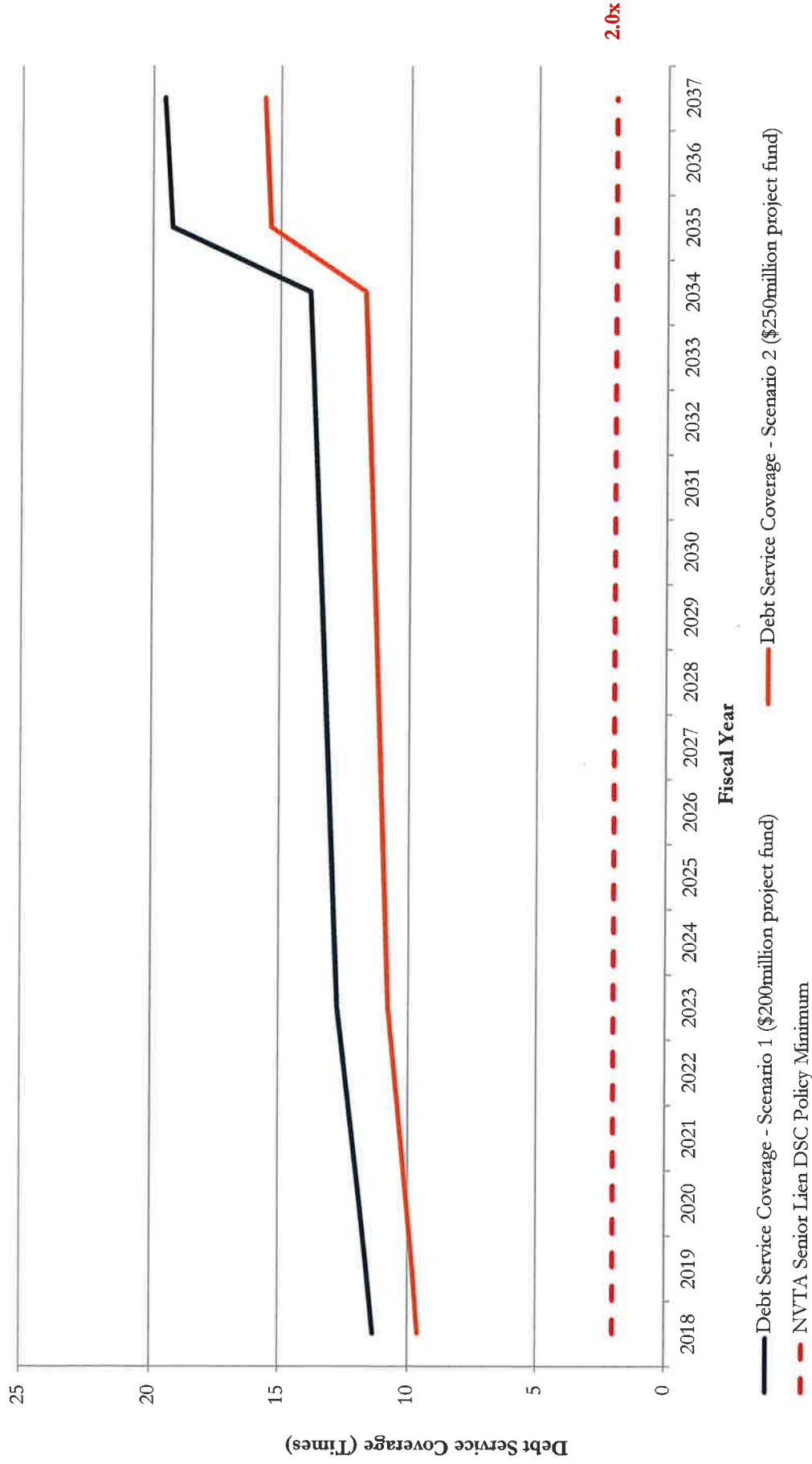
NVTA's debt policy uses debt service coverage ("DSC") as the primary metric for measuring the affordability of its debt and capacity for new debt.

	Existing Only	Scenario 1 (\$200 million)	Scenario 2 (\$250 million)
Min DSC	41.3x	11.3x	9.6x
Avg DSC	46.9x	13.8x	11.6x
Max DSC	50.5x	19.5x	15.6x

$$\text{Debt Service Coverage} = \frac{\text{NVTA Regional Revenue (70\%)}}{\text{Debt Service}}$$

Forecasted Debt Service Coverage

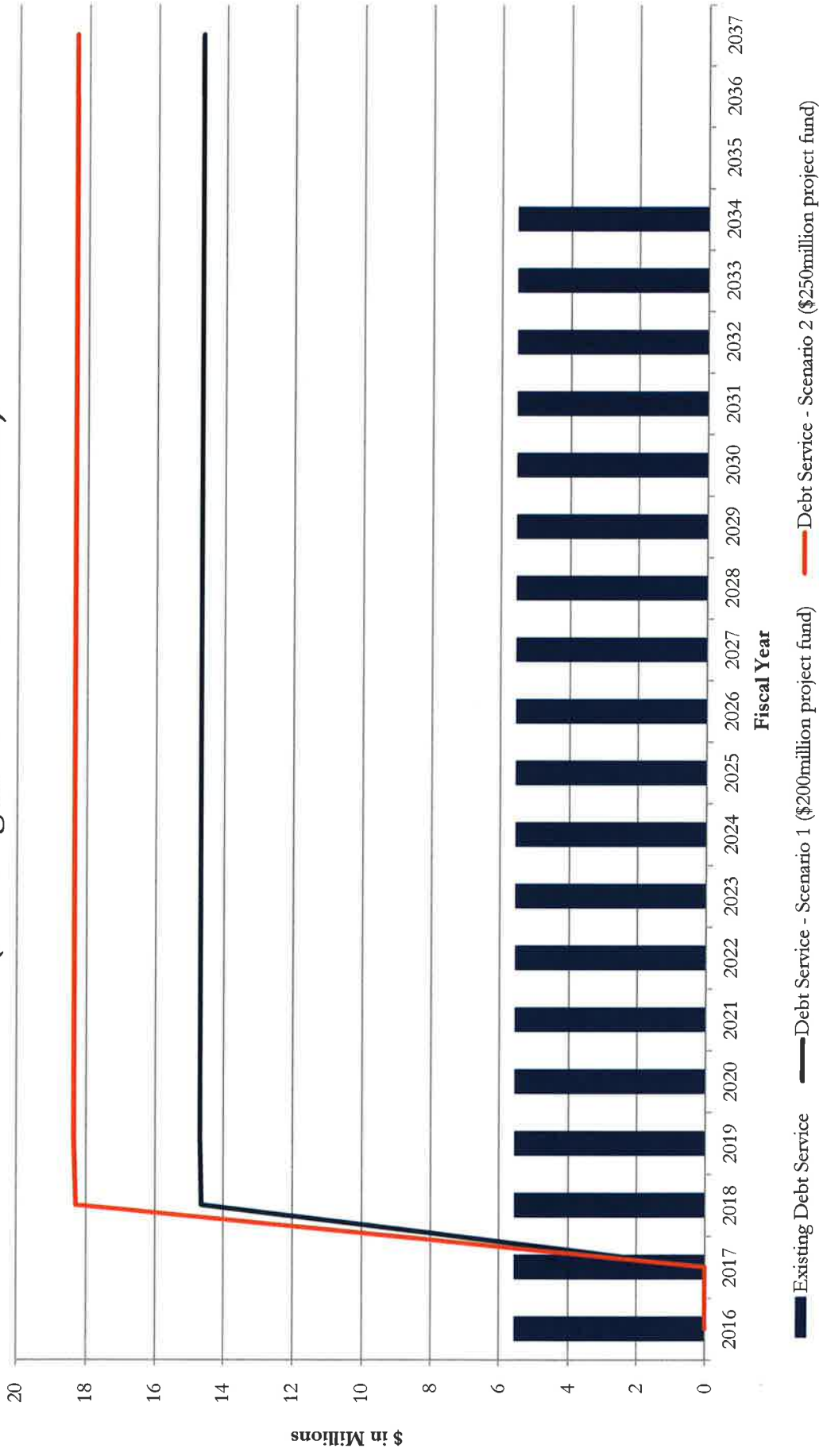
Forecasted Debt Service Coverage
(Existing Debt and FY 2018 Issue)



Note: Assumes only the existing Series 2014 debt service and the assumed FY 2018 bond issue's debt service (at varying project fund amounts). No additional debt is assumed beyond FY 2018.

Forecasted Debt Service

Existing & Forecasted Debt Service
(Existing Debt and FY 2018 Issue)



Note: Assumes only the existing Series 2014 debt service and the assumed FY 2018 bond issue's debt service (at varying project fund amounts). No additional debt is assumed beyond FY 2018.

Estimated Debt & PAYGO Capacity

- Senior lien bonds with fully funded bond-funded DSRF
- 20 year amortization, level debt service structure
- 20 year historical average interest rates plus a spread of 50bps
- Next issuance in FY 2019 and assumed issuance every other year in equal amounts
- Debt service coverage maintained at or above 2.1x

		FY 2018 Bond Issue					
	FY 2018 Project Fund	Maximum Annual Debt Service (“MADS”)	Min DSC	Estimated Remaining Bonding Capacity through 2037	FY 2017-FY2037 Estimated Remaining PAYGO Capacity ¹	Estimated Biennial Issuance	
Scenario 1	\$200 million	\$14.7 million	11.3x	\$1.6 billion	\$3.9 billion	\$163 million	
Scenario 2	\$250 million	\$18.4 million	9.6x	\$1.6 billion	\$3.9 billion	\$158 million	

¹ Total of 70% revenues remaining after debt service is paid.

Debt Capacity Summary

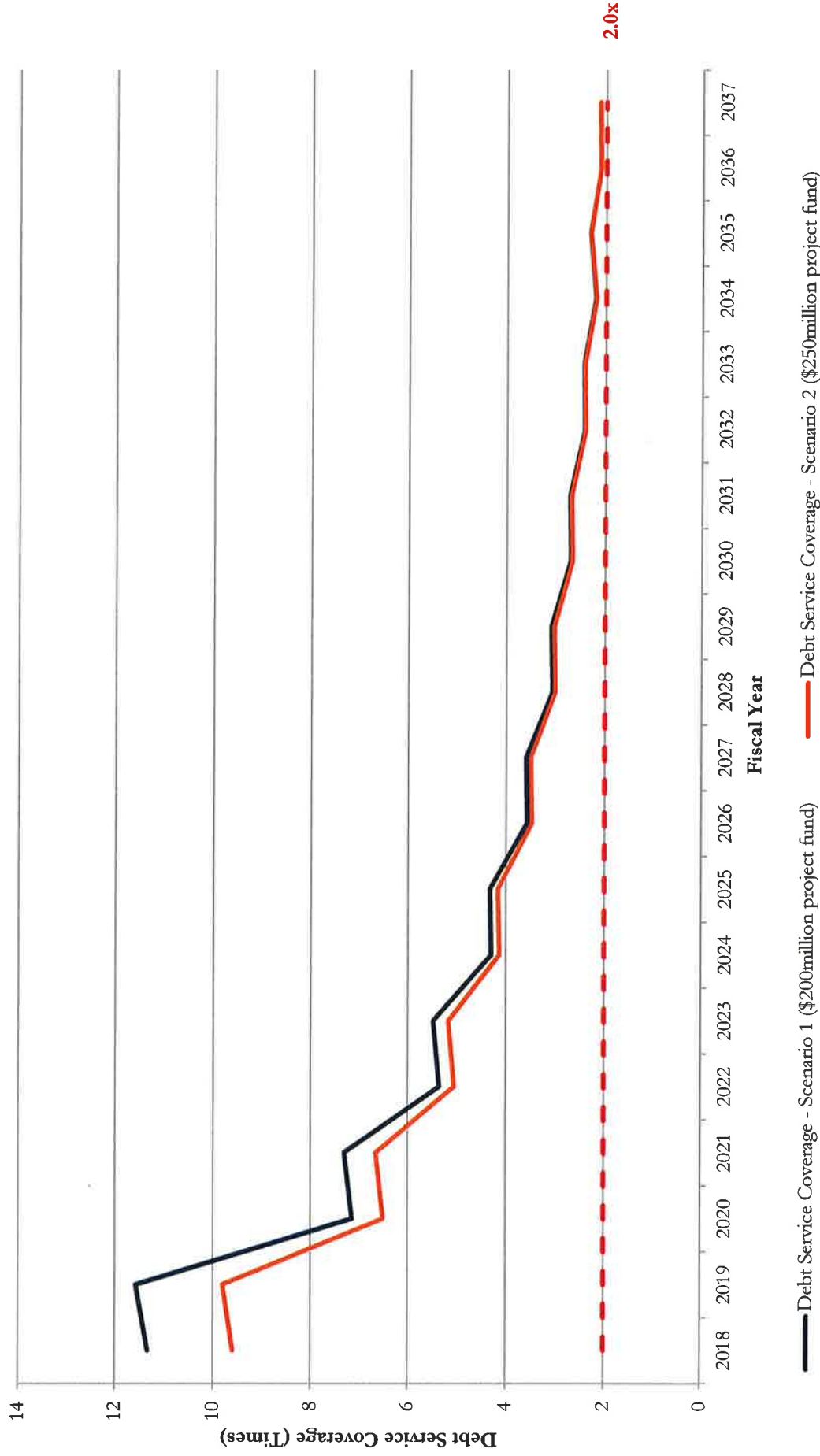
Debt capacity analysis assumes NVT A remains above its 2.0x debt policy threshold for debt service coverage.

	Existing Only	Scenario 1 (\$200 million)	Scenario 2 (\$250 million)
Min DSC	41.3x	2.1x	2.1x
Avg DSC	46.9x	4.5x	4.2x
Max DSC	50.5x	11.6x	9.8x

$$\begin{array}{c}
 \text{Debt} \\
 \text{Service} \\
 \text{Coverage}
 \end{array}
 =
 \frac{\text{NVT A Regional Revenue (70\%)}}{\text{Debt Service}}$$

Forecasted Debt Service Coverage Multi-Year Issuance

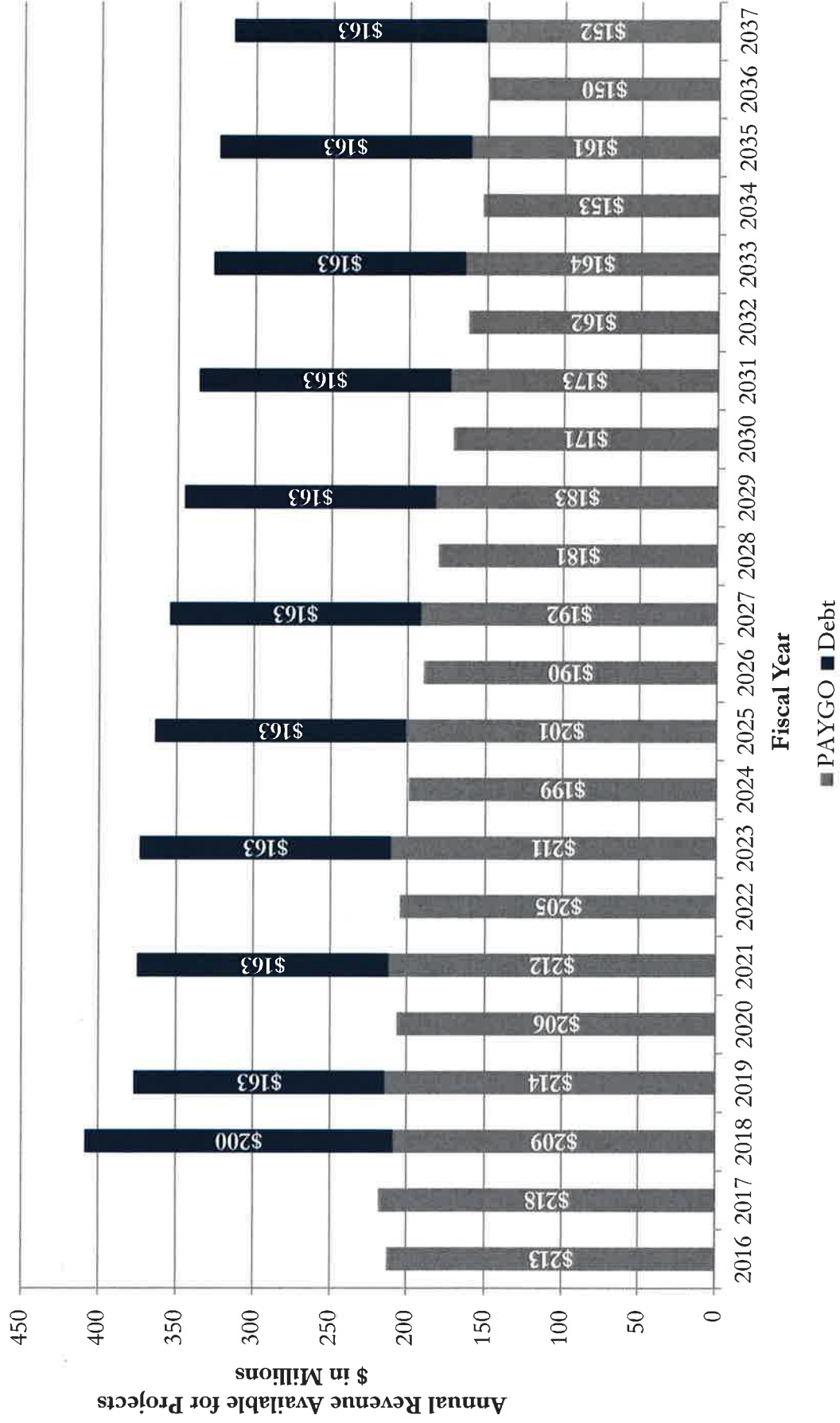
Forecasted Debt Service Coverage
(Existing Debt & New Issue + Future Issues)



Note: Assumes bond issuance every other year between 2019 and 2037 (at varying project fund amounts).

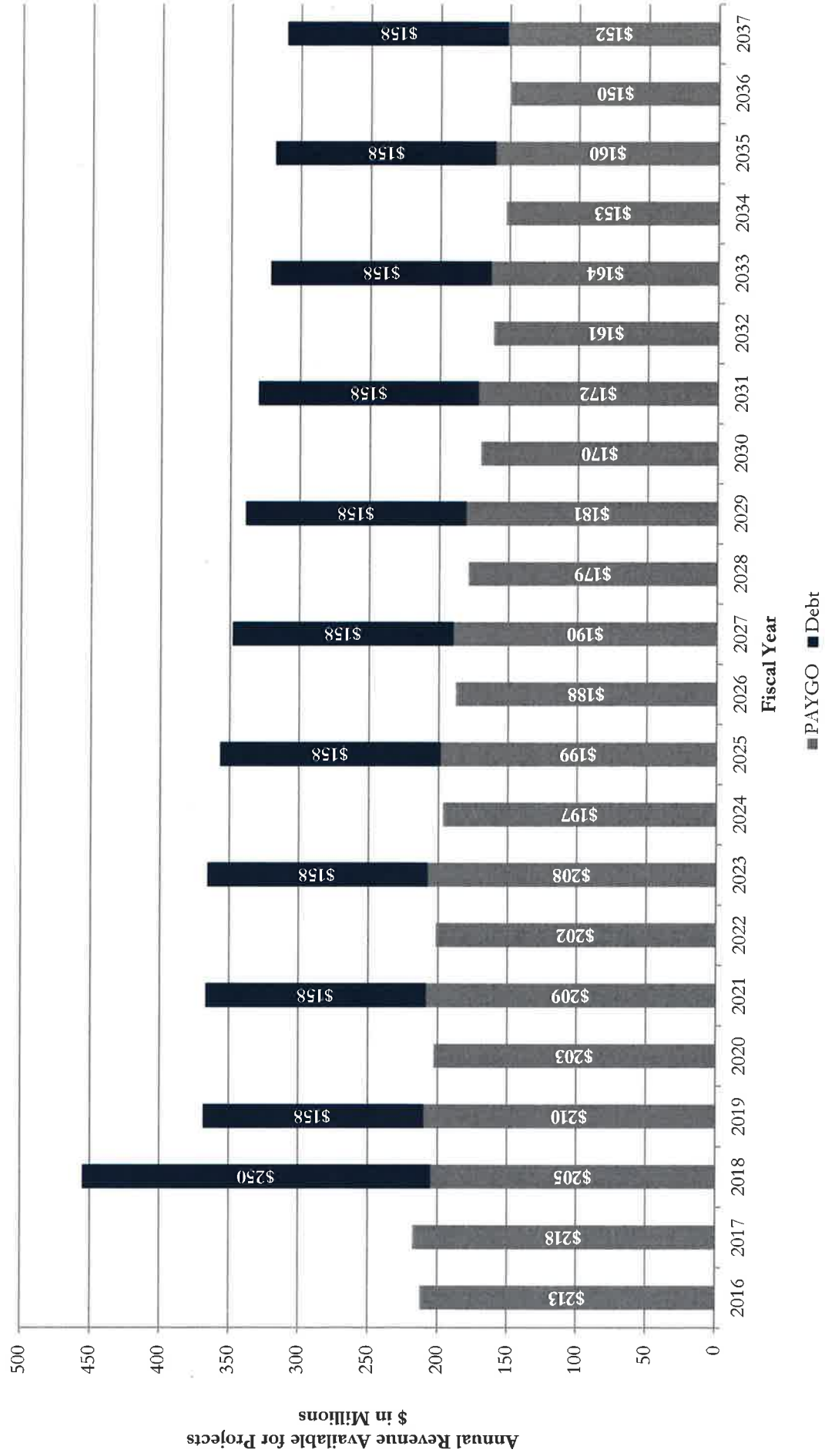
Future Debt & PAYGO Capacity under Scenario 1

Total Amounts Available for NVTA Projects
Scenario 1 (\$200 million project fund in FY 2018)



Future Debt & PAYGO Capacity under Scenario 2

Total Amounts Available for NVTB Projects
Scenario 2 (\$250 million project fund in FY 2018)



Credit Considerations

- NVTAs additional bonds test in the Indenture and its debt service coverage threshold adopted debt policy protects NVTAs & investors from over-leveraging
- Rating agencies fully anticipated NVTAs to actively leverage its revenue stream in the future as its CIP evolves
 - Moody's: "While coverage levels are expected to decline ...even if NVTAs fully funded 100% of projects that are currently under evaluation, debt service coverage would still remain a strong 3.1 times, exceeding NVTAs's senior lien debt service target of 2.0 times."
 - Fitch: "Risk to overleveraging is addressed through a fairly strong additional bonds test (ABT)... currently roughly \$840 million in projects identified for such review...if entirely bond financed, would result in MADS close to \$70 million according to Fitch estimates and DSC of 2.9x from fiscal 2014 pledged revenues..."
 - S&P: "...projects under consideration for funding in fiscal years 2015 and 2016 total \$769.6 million. If NVTAs were to fund 100% of currently identified projects in full with debt only, we understand projected DSC would remain more than 3.1x."
- Communication with credit analysts regarding the Authority's capital improvement plan is important
- PFM believes no negative credit pressure exists based on preliminary analysis

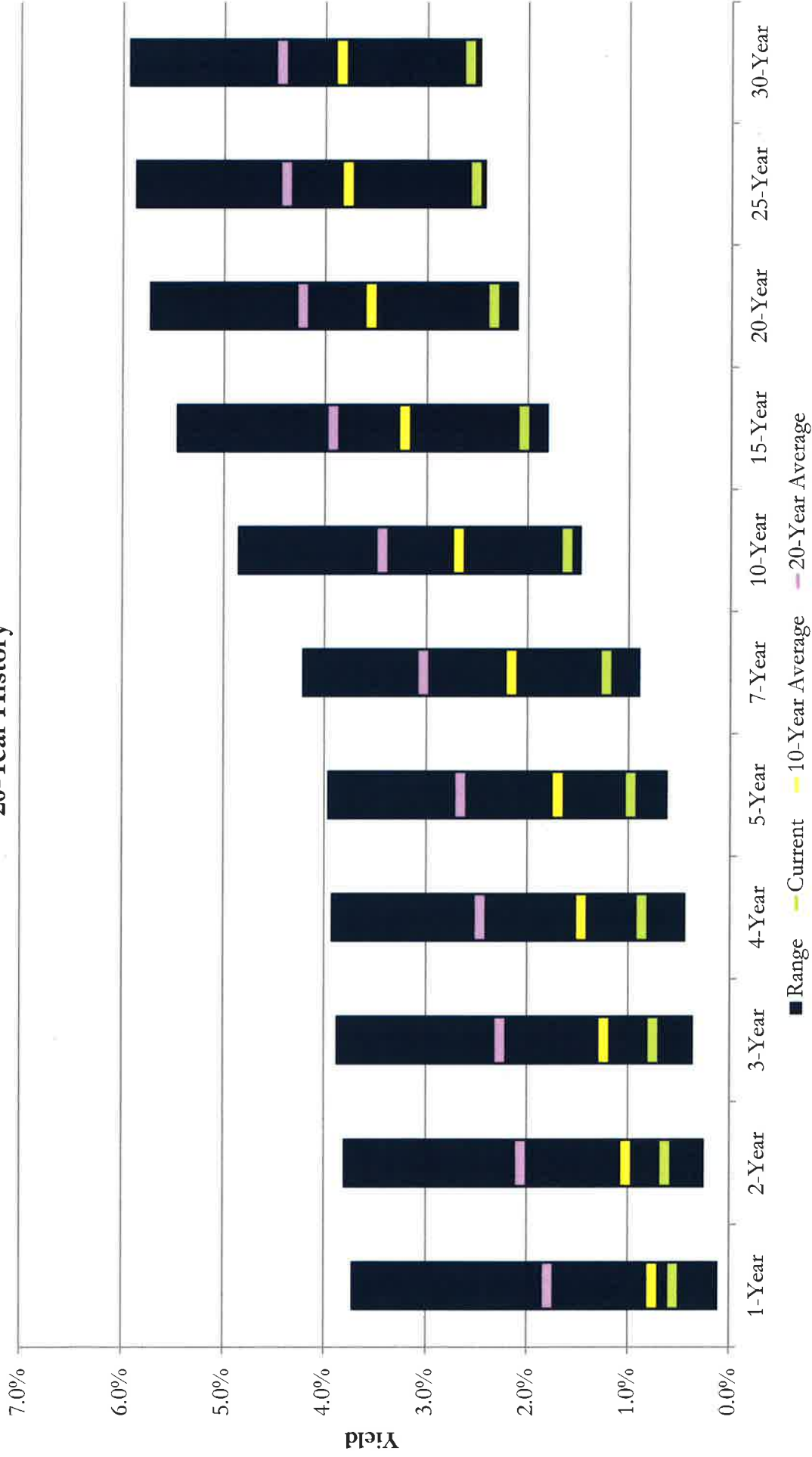
Conclusion

- NVTAs have significant debt capacity
- Even with a bond issue at various amounts contemplated, NVTAs would maintain debt and PAYGO capacity for future projects
- Debt service coverage would remain healthy above 2.0x under any scenario
- While communication with credit agencies is critical, PFM views no negative credit pressure based on range of current borrowing scenarios

Appendix

Municipal Yield Curve Changes

Triple-A Rated GO Bond Yields
20-Year History



Note: Market conditions as of May 9, 2016.

Debt Capacity Presentation to the NVT A Finance Committee May 19, 2016

The Authority's Financial Advisor has prepared and presented an analysis of the financial capacity for funding projects in FY2017. Considerations for the use of that capacity for FY2017 should include the following:

- The FY2017 Program is a one year program.
- It is the last year which will use TransAction 2040 as the regional plan.
- The update to TransAction is expected to be ready in the fall of calendar year 2017.
- The TransAction update will present an up to date regional plan which will guide the development of the Authority's first funded six year Capital Improvement Plan (CIP).
- The Authority's first CIP will cover the fiscal years 2018 through 2023.
- Any resources (PayGo or debt capacity) not committed in FY2017 will be available for the updated TransAction based CIP.
- The Planning and Programming Committee (PPC) will meet on June 28th to consider project recommendations.

Based on NVT A Staff Recommendations presented as part of the 'Project Evaluation Process for the Draft FY2017 Program' reviewed at the Authority's May 12, 2016 meeting, there is an approximately \$157 million gap between available FY2017 PayGo and the draft project list as noted in the table below:

Funding Requests (24 Projects Evaluated)	\$ 667,843,951
May 12th Draft NVT A Staff Recommendations	\$ 493,443,951
Adj for Rt.28/166 NTE*	\$ (70,000,000)
NVT A Staff Recommended Projects (Net of NTE)	\$ 423,443,951
Available FY2017 PayGo	\$ 266,763,235
Gap	\$ 156,680,716

*Based on Commonwealth presenting that the NVT A contribution on the 28/166 intersection project will not exceed \$300 million.

The following table provides a comparison of three levels of funding and related costs:

Project Fund	\$ 160,000,000	\$ 200,000,000	\$ 250,000,000
Debt Service Reserve Fund (DSRF)*	\$ 11,759,250	\$ 14,691,500	\$ 18,356,500
Total Debt Service*	\$ 235,112,021	\$ 293,749,213	\$ 367,037,733
Average Annual Debt Service*	\$ 11,755,601	\$ 14,687,461	\$ 18,351,887

*Preliminary, subject to change.

Next Steps: As noted in the Project Funding Timing Outline and above, the PPC will meet on June 28th to consider project recommendations.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: May 19, 2016

SUBJECT: VRS Alternative Rate for FY2017 and FY2018

1. **Purpose.** Provide the Finance Committee information on the option to adopt a lower Virginia Retirement System (VRS) annual contribution rate or remain with the budgeted FY2017 employer contribution rate certified by the VRS Board of Trustees.
2. **Suggested motion.** *I move the Finance Committee recommend to the Authority that no action be taken to adopt the Alternate Employer Contribution Rate provided for in the 2016 Appropriation Act, Item 475(I).*
3. **Background.**
 - a. As part of the FY2017 Operating Budget Adoption, the Authority budgeted the VRS employer contribution rate (ECR) certified by the VRS Board of Trustees for fiscal years 2017 and 2018.
 - b. The NVTA ECR for FY2017 and FY2018 is 9.48%.
 - c. After the Authority adopted the FY2017 Operating Budget an alternative employer contribution rate for FY2017/18 was made available through the 2016 Appropriation Act, Item (I). This alternative rate is 8.53%.
 - d. If the lower alternative rate is selected the following will occur:
 - i. The FY2017 Operating Budget VRS contribution cost will be reduced by \$8,959.70.
 - ii. Reduced contributions will reduce investment earnings, thus reducing assets in the VRS Plan for NVTA.
 - iii. Due to lower funding in FY2017 and FY2018, the Authority will have a lower funding ratio and thus a higher future year certified contribution rate.
 - iv. The Government Accounting Standards Board (GASB) required supplementary information in the Authority's financial statements will need to include disclosure of the contribution deficiency of \$8,959.70 for FY2017 and doubling to \$17,919.40 in FY2018.
 - e. Currently the Authority has a near 100% funded pension liability. The only variance taking the NVTA below 100% are adjustments between actuarial study periods.
 - f. The decision to adopt (or not) the alternative rate rests with the Authority governing body.

4. **Staff Recommendation.** NVTA staff recommends the Authority not adopt the VRS Alternative Rate for FY2017 and FY2018 for the reasons noted in 3.d. i. through iv above.
5. **Next Steps.** No action is required if the Authority does not wish to adopt the alternative rate for FY2017 and FY2018. However, the decision to adopt (or not) the alternative rate rests with the Authority's governing body. Therefore, the Finance Committee recommendation will be presented at the next Authority meeting.

Attachment:

VRS Notice dated March 24, 2016, Received March 31, 2016



P.O. Box 2500, Richmond, Virginia 23218-2500
Toll free: 1-888-VARETIR (827-3847)
Web site: www.varetire.org
E-mail: vrs@varetire.org



March 24, 2016

Northern Virginia Transportation Authority – 55868

As you are aware, the Appropriation Act from prior years allowed political subdivisions to elect to pay either the employer contribution rate certified by the Virginia Retirement System (“VRS”) or to pay an alternate rate. However, the language was slightly modified in the **2016 Appropriation Act, Item 475(I)**. Let me take this opportunity to share information regarding this modification.

The modified 2016 Appropriation Act language establishes the certified rate as the default employer contribution rate. Political subdivisions may still make an election between the certified employer contribution rate and the alternate employer contribution rate for the next biennium beginning July 1, 2016. If your political subdivision wishes to pay the certified rate, no further action is needed and you are not required to send VRS any documents affirming this decision. Your rate will be the new certified rate, effective July 1, 2016.

If your political subdivision wishes to pay the alternate rate, your governing body must pass the attached resolution stating that it elects the alternate rate, beginning July 1, 2016. In addition, the Appropriation Act requires school divisions to obtain the concurrence of the local governing body if electing to pay the alternate contribution rate. Such concurrence must be documented by the attached resolution from the local governing body and sent to VRS.

Please note, the Appropriation Act will not be finalized until signed by the Governor, which occurs after the reconvened session of the General Assembly. VRS does not anticipate any further changes to this language modification; however, we will keep you apprised of any amendments that would change these options.

To assist you in your decision, please find below the certified and alternate contribution rates. Again, you only need to send VRS a resolution if your political subdivision elects the alternate employer contribution rate.

Employer Retirement Contribution Rate Election

- 9.48% – The employer contribution rate certified by the VRS Board of Trustees for the fiscal years 2017-2018.
- 8.53% – The alternate employer contribution rate, which is the higher of the rate certified by the VRS Board for fiscal year 2012 or 90 percent of the VRS Board-certified rate for fiscal years 2017-2018.

Considerations in Electing Your Contribution Rate

The 2016 Appropriation Act, Item 475(I) offers political subdivisions and schools the opportunity to elect an alternate lower employer contribution rate for budget considerations. However, this does not change the Board-certified employer contribution rate. Therefore, if you are considering using the alternate rate, please be aware that doing so will:

- Reduce contributions to your employer account and the investment earnings they would have generated, which will mean there will be fewer assets available for benefits.
- Result in a lower funded ratio when the next actuarial valuation is performed and, thus, a higher certified contribution rate at that time.
- GASB required supplementary information will need to include disclosure of contribution deficiency for the amount by which the alternate contributions are less than the actuarially determined contribution.

Deadline for Alternate Rate Resolutions

If your governing body elects to pay the alternate rate, the resolution must be passed on or before July 1, 2016 and mailed to VRS **postmarked no later than July 5, 2016**. The resolutions received by VRS must be the certified original document. Please send all resolutions to Ms. ZaeAnne Allen, employer coverage coordinator, at P.O. Box 2500, Richmond, VA 23218-2500.

If you have any questions about the information in this packet, please contact Ms. ZaeAnne Allen, employer coverage coordinator, at zallen@varetire.org or (804) 775-3514.

Sincerely,



Patricia S. Bishop
VRS Director

(Enclosure)



VIRGINIA RETIREMENT SYSTEM
P.O. Box 2500
Richmond, VA 23218-2500

Employer Contribution Rates for Counties, Cities,
Towns, School Divisions and Other Political Subdivisions
(In accordance with the 2016 Appropriation Act Item 475(I))

Resolution to Elect the Alternate Rate

WHEREAS, the 2016 Appropriation Act Item 475(I)(1) requires that an employer pay the contribution rate certified by the VRS Board of Trustees ("Certified Rate"), unless the employer elects to pay an alternate rate as described in Item 475(I)(2) ("Alternate Rate"); and

WHEREAS, if an employer wishes to pay the Certified Rate, then the employer need not take action on this resolution; and

WHEREAS, if an employer wishes to pay the Alternate Rate established in the 2016 Appropriation Act, then the employer must pass this resolution on or before July 1, 2016, to elect the Alternate Rate; and

WHEREAS, any local public school division that elects to pay the Alternate Rate must receive a concurrence of its local governing body documented by a resolution of the governing body on or before July 1, 2016;

NOW, THEREFORE, BE IT RESOLVED, that the [insert Locality, School Division, or Other Political Subdivision Name] _____ ("the Employer") [insert employer code] _____, does hereby elect to pay the Alternate Rate and acknowledges that its contribution rate effective July 1, 2016 shall be based on the higher of a) the contribution rate in effect for FY 2012, or b) ninety percent of the results of the June 30, 2015 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2016-18 biennium; and

BE IT FURTHER RESOLVED, that the Employer does hereby certify to the Virginia Retirement System Board of Trustees that it agrees to pay the Alternate Rate of [insert Alternate Rate provided in the attached cover letter] _____ % effective July 1, 2016; and

BE IT FURTHER RESOLVED, that the Employer does hereby acknowledge that, if it is a school division, this resolution shall not become effective unless the Virginia Retirement System receives a concurrence of its local governing body documented by a resolution of the local governing body dated on or before July 1, 2016; and

BE IT FURTHER RESOLVED, that the Employer does hereby certify to the Virginia Retirement System Board of Trustees that it has reviewed and understands the information provided by the Virginia Retirement System outlining the potential future fiscal implications of any election made under the provisions of this resolution.

Item 475(I) of the Proposed 2016 Appropriation Act

I.1. Except as authorized in Paragraph I.2. of this Item, rates paid to the Virginia Retirement System on behalf of employees of participating (i) counties, (ii) cities, (iii) towns, (iv) local public school divisions (only to the extent that the employer contribution rate is not otherwise specified in this act), and (v) other political subdivisions shall be based on the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to § 51.1-145(I), Code of Virginia.

2. Rates paid to the VRS on behalf of employees of participating (i) counties, (ii) cities, (iii) towns, (iv) local public school divisions (only to the extent that the employer contribution rate is not otherwise specified in this act), and (v) other political subdivisions shall be based on the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to § 51.1-145(I), Code of Virginia, unless the participating employer notifies VRS that it has opted to base the employer contribution rate on the higher of: a) the contribution rate in effect for FY 2012, or b) seventy percent of the results of the June 30, 2011 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2012-14 biennium, eighty percent of the results of the June 30, 2013 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2014-16 biennium, ninety percent of the results of the June 30, 2015 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2016-18 biennium, and one-hundred percent of the results of the June 30, 2017 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2018-20 biennium.

3. Every participating employer that opts not to use the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to § 51.1-145(I), Code of Virginia, must certify to the board of the Virginia Retirement System by resolution adopted by its local governing body that it: has reviewed and understands the information provided by the Virginia Retirement System outlining the potential future fiscal implications of electing or not electing to utilize the employer contribution rates certified by the Virginia Retirement System Board of Trustees, as provided for in paragraph I.1.

4. Local public school divisions must receive the concurrence of the local governing body if electing to pay the alternate contribution rate set out in paragraph I.2. Such concurrence must be documented by a resolution of the governing body.

5. The board of the Virginia Retirement System shall provide all employers participating in the Virginia Retirement System with a summary of the implications inherent in the use of the employer contribution rates certified by the Virginia Retirement System (VRS) Board of Trustees set out in paragraph I.1, and the alternate employer contribution rates set out in paragraph I.2.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members of the NVT A Finance Committee

FROM: Michael Longhi, Chief Financial Officer

SUBJECT: Draft Revisions to the FY2017 Program Drawdown Policy (Policy 17)

DATE: May 19, 2016

- 1. Purpose.** The Northern Virginia Transportation Authority commits financial resources from the Regional Revenue Fund upon project approval. The purpose of Policy 17 – FY2017 Program First Drawdown Commitment, is to provide a mechanism for the Authority to remove financial (funding) commitments for projects in the FY 2017 Program that are not advancing. These funds would be returned to the Regional Revenue Fund for assignment to future projects.

Policy 17 – FY2017 Program First Drawdown Commitment, currently measures project progress based on the timing of an initial request of a drawdown of project costs. The proposed policy modifications intend to further clarify that a project must be active and progressing in accord with the project description approved by the Authority and incorporated in the Standard Project Agreement (SPA).

2. Background.

- a. The Authority assigns funding to a project with the clear expectation of progress as outlined in the Project Description/Scope of Work. The SPA provides details of expected utilization of the already obligated funds, specifically the cash flow summary detailed in SPA Appendix B.
- b. For the FY2017 Program, projects will be approved based in part, on a commitment of project readiness.
- c. If a project sponsor is unable to complete project activation or make progress – either due to circumstances within or outside of their control – the best interest of the Authority may be served by cancelling the project and de-obligating the funds.
- d. This policy specifically addresses FY2017 projects that are not advancing in accordance with the approved SPA.
- e. The NVT A funds made available from actions taken under this policy will be returned to the Regional Revenue Fund for future allocation by the Authority.

3. Policy Revisions.

- a. The draft revisions are aimed at ensuring that a project sponsor be able to document project activation/progression within six months of an executed SPA.
- b. Project activation/progression will be documented through monthly reports submitted by project sponsors and reported in the Executive Director's monthly report to the Authority.
- c. The existing Policy 17 language calling for a close dialog between the NVT A and the project sponsor to ensure an understanding of any project delays remains unchanged.

4. Next Steps.

- a. In addition to this presentation to the Governance and Personnel Committee for discussion, the draft revisions are currently or will be reviewed by the Governance and Personnel Committee, Planning and Programming Committee, Regional Jurisdiction and Agency Coordinating Committee and the Council of Counsels.
- b. Comments and suggestions will be consolidated and additional committee reviews undertaken as necessary.
- c. Final draft revisions will be presented to the Authority for consideration and adoption.

Attachment:

Policy Number 17 – FY2017 Program First Drawdown Commitment (with draft markups)

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

Policy Number 17 – FY2017 Program First Drawdown/Project Activation Commitment

- I. **Purpose.** The Authority appropriates current and projected financial resources from the Regional Revenue Fund upon project approval. The purpose of this policy is to provide a mechanism for the Authority to remove appropriations for approved FY2017 Program projects that do not submit a first drawdown request by June 30, 2019, or are unable to document project activation/progression within six months of an executed Standard Project Agreement (SPA). These appropriations will be returned to the Regional Revenue Fund for assignment to future projects.
- II. **General.**
- A. This policy will be in effect for all projects approved with FY2017 Regional Revenue Funds.
 - B. The Authority assigns funding to a project with the clear expectation of progress as outlined in the Project Description/Scope of Work. Project funding is appropriated at the point that the Authority approves the project. The SPA (covered in Policy 12) provides details of expected utilization and timing of the appropriated funds, specifically the cash flow summary included in Appendix B.
 - C. For the FY2017 Program, projects will be approved based, in part, on project readiness. For the FY2017 Program, project readiness is assessed in part on:
 - 1. the The first drawdown (initial reimbursement request) being made during FY2017, FY2018, or FY2019, regardless of when the SPA is executed.
 - C.2. Documented project activation/progression starting within the first six months of an executed SPA.
 - D. If a project sponsor is unable to submit an initial reimbursement request by the end of FY2019 – either due to circumstances within or outside of their control – the best interest of the Authority may be served by cancelling the project and the appropriation. This policy specifically addresses projects approved for the FY2017 Program that are not advancing in accordance with their approved SPAs. This includes FY2017 Program projects with approved SPAs that experience delays due to procurement, funding, unforeseen construction-related events, or other issues.
 - E. Any project that is unable to meet the commitment to submit the initial reimbursement request to NVTA by June 30, 2019, ~~regardless of when the SPA is executed, is subject to cancellation, and unable to document project activation/progression within the first six months of an executed SPA.~~
 - F. Requests for extension of time must be made to the Executive Director. The Executive Director may request additional information prior to submitting a recommendation to the Finance Committee.
 - G. In all cases, agreement will be sought with the implementing jurisdiction or agency. If agreement is not forthcoming, the Executive Director may take a project cancellation recommendation to the Finance Committee prior to referral to the Authority for action.
 - H. Upon action by the Authority to remove funding all NVTA funds made available from actions taken under this policy will be returned to the Regional Revenue Fund for future allocation by the Authority.

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III. Responsibilities.

A. **Project sponsoring jurisdiction or agency**

1. Submittal of first drawdown request by June 30, 2019.
2. Document project activation/progression through monthly updates submitted to NVTA and reported in the Executive Director's monthly report to the Authority.
- 2.3. Request cancellation of any projects for which the jurisdiction determines the submittal of first drawdown request by June 30, 2019, or project activation/progression within the first six months of an executed SPA is not possible, or request an extension of the deadline. Any request for an extension must include:
 - a. Basis for current delay.
 - b. Action needed to resolve delay.
 - c. Schedule for completion of actions to resolve delay.
 - d. Revised SPA Appendix B.

B. **NVTA Executive Director**

1. Monitor project progress through requests for reimbursements, submission of project activation/progress reports by project sponsors.
2. Include a report of 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.
- 4.3. Accept requests for project cancellation and forward with recommendation to the Finance Committee prior to referral to Authority with recommendation to accept or reject the request.
- 2.4. Receive notice from project sponsors of possible delays in submitting first drawdown request or activating/progressing the project by the deadline.
- 3.5. If no submittal of first drawdown is requested by deadline or no notice of delay received, request information from project sponsor as to reason.
- 4.6. Request additional information, when required to evaluate project sponsor notice of delay or response to request for information on delay.
- 5.7. Evaluate requests for extension of time or other accommodation requested by project sponsor.
- 6.8. Make recommendation to the Finance Committee on action to be referred to the Authority.

Approved by Northern Virginia Transportation Authority: December 10, 2015 (Add Revision Notation)

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members of the NVT A Finance Committee

FROM: Michael Longhi, Chief Financial Officer

SUBJECT: Monthly Revenue Report

DATE: May 19, 2016

1. **Purpose:** Monthly report of revenue receipts and 30% funds distribution to member localities.
2. **Background:** The attached reports reflect funding received through April 2016.
3. **Comments:**
 - a. **FY 2016 Revenues (Attachment A)**
 - i. The Authority has received approximately \$207.3 million through the April 2016 transfers from the Commonwealth.
 - ii. Actual to estimate comparison for revenues through April show a 23.05% positive variance in Grantors Tax, a 1.36% positive variance in Sales Tax and a 1.63% positive variance in Transient Occupancy Tax compared to the adopted revenue estimates.
 - iii. Overall revenue receipts are tracking at 4.12% above estimate. No changes to the FY2016 revenue estimates are recommended at this time.
 - b. **FY 2016 Distribution to localities (Attachment B)**
 - i. As of the preparation of this report, all jurisdictions have completed the HB2313 required annual certification process to receive FY2016 30% funds.
 - ii. Of the \$207.3 million received by the Authority for FY2016, approximately \$62.2 million represents 30% local funds of which \$62.2 million has been distributed.
 - iii. The April Regional Sales Tax distribution from the Commonwealth Department of Taxation included the correction of a \$266,473.72 error from March 2016. All amounts are reported net of this error.
 - c. **FY2014 to FY2016 Year over Year Revenue Comparison (Attachment C).**
 - i. This chart reflects a month to month comparison of revenue by tax type and a year to year comparison of total revenues received through April 2016.

Attachments:

- A. Revenues Received By Tax Type, Compared to NVT A Estimates, Through April 2016
- B. FY2016 30% Distribution by Jurisdiction, through April 2016
- C. Month to Month Comparison By Tax Type and YTD Receipts for April 2016, 2015 and 2014

Attachment A

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
REVENUES RECEIVED, BY TAX TYPE AND JURISDICTION, COMPARED TO NVTA BUDGET
 Based on: Revenue Data Through April 2016
 FYE June 30, 2016

Grantors Tax		Received	NVTA		Projected Variance	
			FY 2016	Annualized - Actual		
Transaction Months	9	To Date	Annualized	Budget	To Budget	
City of Alexandria		\$ 2,612,714	\$ 3,483,618	\$ 3,226,950	\$ 256,668	
Arlington County		\$ 3,792,986	\$ 5,057,314	\$ 4,574,287	\$ 483,027	
City of Fairfax		\$ 346,318	\$ 461,758	\$ 292,916	\$ 168,842	
Fairfax County		\$ 14,794,651	\$ 19,726,201	\$ 15,169,980	\$ 4,556,221	
City of Falls Church		\$ 173,897	\$ 231,862	\$ 265,235	\$ (33,373)	
Loudoun County		\$ 6,941,557	\$ 9,255,409	\$ 8,635,320	\$ 620,089	
City of Manassas		\$ 460,701	\$ 614,269	\$ 274,904	\$ 339,365	
City of Manassas Park		\$ 123,306	\$ 164,408	\$ 150,781	\$ 13,627	
Prince William County		\$ 5,087,062	\$ 6,782,749	\$ 4,612,105	\$ 2,170,644	
Total Grantors Tax Revenue		\$ 34,333,191	\$ 45,777,588	\$ 37,202,478	\$ 8,575,110	23.05%
Regional Sales Tax*		Received		FY 2016	Annualized - Actual	
Transaction Months	8	To Date	Annualized	Budget	To Budget	
City of Alexandria		\$9,839,702	\$ 14,759,552	\$ 15,039,910	\$ (280,358)	
Arlington County		\$15,570,454	\$ 23,355,681	\$ 23,984,390	\$ (628,709)	
City of Fairfax		\$4,655,876	\$ 6,983,814	\$ 6,626,350	\$ 357,464	
Fairfax County		\$70,271,465	\$ 105,407,197	\$ 103,110,900	\$ 2,296,297	
City of Falls Church		\$1,483,551	\$ 2,225,326	\$ 2,532,963	\$ (307,637)	
Loudoun County		\$29,145,143	\$ 43,717,714	\$ 40,887,720	\$ 2,829,994	
City of Manassas		\$3,102,904	\$ 4,654,356	\$ 4,684,053	\$ (29,697)	
City of Manassas Park		\$817,458	\$ 1,226,187	\$ 943,681	\$ 282,506	
Prince William County		\$22,402,626	\$ 33,603,939	\$ 34,946,852	\$ (1,342,913)	
Total Sales Tax Revenue*		\$ 157,289,178	\$ 235,933,767	\$ 232,756,819	\$ 3,176,948	1.36%
Transient Occupancy Tax (TOT)		Received		FY 2016	Annualized - Actual	
Transaction Months		To Date	Annualized	Budget	To Budget	
City of Alexandria	Months	8.00 \$ 1,813,289	\$ 2,719,934	\$ 3,397,640	\$ (677,706)	
Arlington County	Months	8.00 \$ 5,507,094	\$ 8,260,641	\$ 8,890,830	\$ (630,189)	
City of Fairfax	Quarters	3.00 \$ 279,891	\$ 373,187	\$ 354,803	\$ 18,384	
Fairfax County	Quarters	2.00 \$ 5,264,802	\$ 10,529,603	\$ 9,234,774	\$ 1,294,829	
City of Falls Church	Months	8.00 \$ 95,141	\$ 142,711	\$ 145,473	\$ (2,762)	
Loudoun County	Quarters	2.66 \$ 1,730,291	\$ 2,601,941	\$ 2,040,200	\$ 561,741	
City of Manassas	Months	8.00 \$ 34,990	\$ 52,485	\$ 79,732	\$ (27,247)	
City of Manassas Park	n/a	\$ -	\$ -	\$ -	\$ -	
Prince William County	Quarters	2.66 \$ 911,108	\$ 1,370,087	\$ 1,488,946	\$ (118,859)	
Total TOT Revenue		15,636,605	26,050,590	\$ 25,632,398	418,192	1.63%
Total Revenue Received		\$ 207,258,974	\$ 307,761,945	\$ 295,591,695	\$ 12,170,250	4.12%
		\$ 207,258,974				

*The Regional Sales Tax is reported net of fees when applicable.

Attachment B

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY FY 2016 30% DISTRIBUTION BY JURISDICTION

Based on: Receipts through April 2016

Jurisdiction	Grantor's Tax	*Regional Sales Tax (1)	Transient Occupancy Tax (2)	NVTA Fund Interest	Total	30% Funds	Accrued Interest (3)	Prior Distributions	Current Month Distribution	Total Funds Transferred
City of Alexandria	\$ 2,612,713.65	\$ 9,839,701.63	\$ 1,813,289.28	\$ 4,243.63	\$ 14,269,948.19	\$ 4,280,984.46	\$ 559.49	\$ 3,813,440.27	\$ 468,103.68	\$ 4,281,543.95
Arlington County	\$ 3,792,985.80	\$ 15,570,454.30	\$ 5,507,093.82	\$ 7,627.70	\$ 24,878,161.62	\$ 7,463,448.49	\$ 959.12	\$ 6,676,358.46	\$ 788,049.15	\$ 7,464,407.61
City of Fairfax	\$ 346,318.20	\$ 4,655,875.75	\$ 279,890.58	\$ 1,471.69	\$ 5,283,556.22	\$ 1,585,066.87	\$ 159.85	\$ 1,401,472.37	\$ 183,754.35	\$ 1,585,226.72
Fairfax County	\$ 14,794,650.91	\$ 70,271,464.74	\$ 5,264,801.54	\$ 26,523.50	\$ 90,357,440.69	\$ 27,107,232.21	\$ 3,436.84	\$ 24,265,654.76	\$ 2,845,014.29	\$ 27,110,669.05
City of Falls Church	\$ 173,896.65	\$ 1,483,550.63	\$ 95,140.65	\$ 513.32	\$ 1,753,101.25	\$ 525,930.38	\$ 79.93	\$ 462,675.97	\$ 63,334.34	\$ 526,010.31
Loudoun County	\$ 6,941,556.84	\$ 29,145,142.55	\$ 1,730,290.97	\$ 10,889.44	\$ 37,827,879.80	\$ 11,348,363.94	\$ 1,438.68	\$ 10,103,090.12	\$ 1,246,712.50	\$ 11,349,802.62
City of Manassas	\$ 460,701.45	\$ 3,102,903.94	\$ 34,990.05	\$ 1,051.60	\$ 3,599,647.04	\$ 1,079,894.11	\$ 159.85	\$ 955,694.53	\$ 124,359.43	\$ 1,080,053.96
City of Manassas Park	\$ 123,305.80	\$ 817,458.25	\$ -	\$ 281.13	\$ 941,045.18	\$ 282,313.55	\$ 79.94	\$ 246,629.90	\$ 35,763.59	\$ 282,393.49
Prince William County	\$ 5,087,061.60	\$ 22,402,626.17	\$ 911,108.16	\$ 8,214.39	\$ 28,409,010.32	\$ 8,522,703.10	\$ 1,118.97	\$ 7,686,306.52	\$ 837,515.55	\$ 8,523,822.07
Total Revenue	\$ 34,333,190.90	\$ 157,289,177.96	\$ 15,636,605.05	\$ 60,816.40	\$ 207,319,790.31	\$ 62,195,937.11	\$ 7,992.67	\$ 55,611,322.90	\$ 6,597,606.88	\$ 62,203,929.78

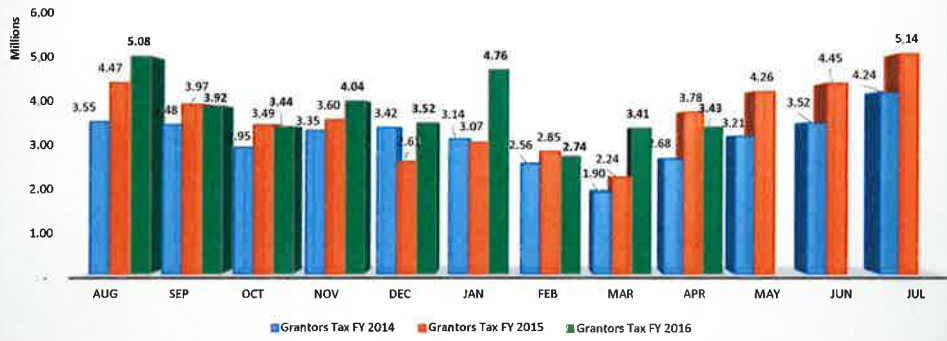
*For the March Distribution, the Sales Tax amount included a \$266,473.72 error posted by the VA Dept of Taxation in the City of Manassas Park's total. In April the (\$266,473.72) reversal was excluded from the Manassas Park's distribution

1 Net of Dept. of Taxation Fees

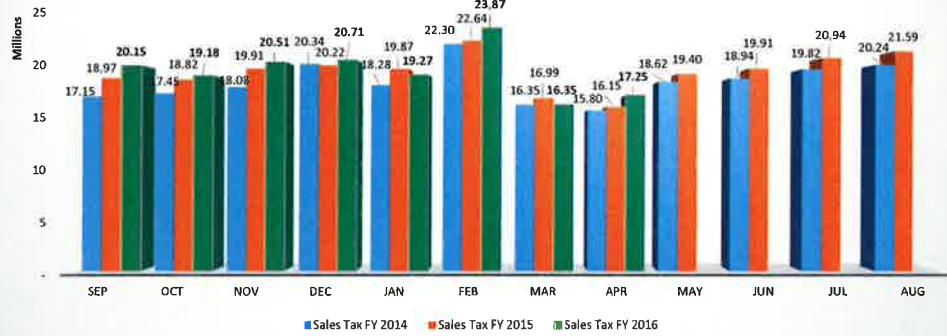
2 County TOT includes any town collections

3 Interest earned through 3/31/2016

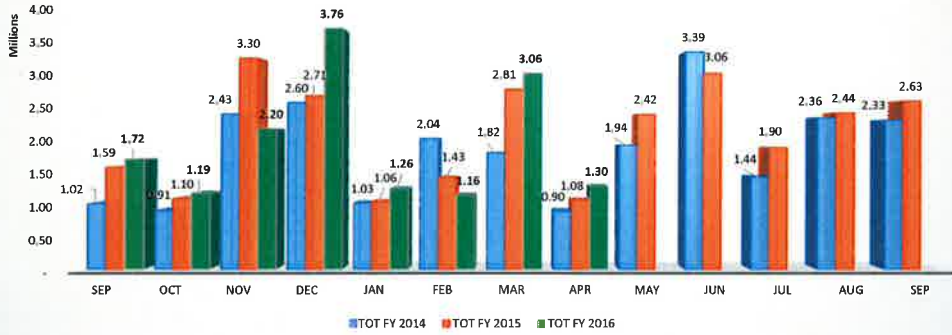
Grantors Tax (month received)



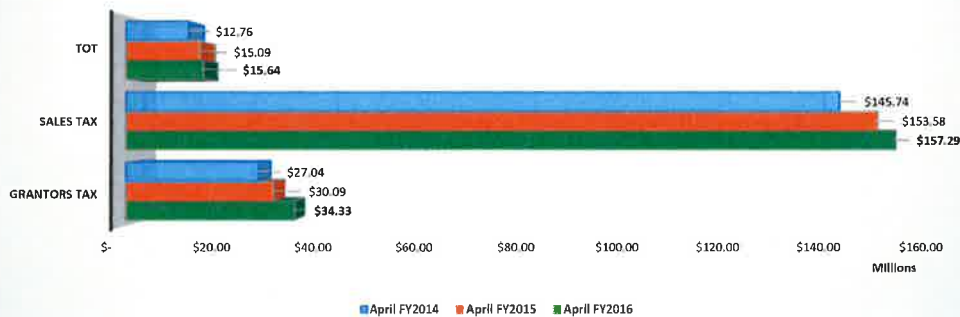
Sales Tax (month received)



Transient Occupancy Tax (month received)



YTD Receipt Comparison April FY2014, FY2015 & FY2016



VII.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: May 19, 2016

SUBJECT: NVTA Operating Budget

1. **Purpose:** To update the Authority on the NVTA Operating Budget for FY2016.
2. **Background:** The NVTA operating budget is funded through the participating jurisdictions. All jurisdictions have contributed their respective share of the FY2016 operating budget.
3. **Comments:**
 - a. Operating revenue is at 100% of estimate.
 - b. April 2016 represents 83% of the fiscal year. Through April 2016, the Authority has utilized 72% of its adjusted expenditure budget.
 - c. No further change are expected to the Operating Budget at this time.

Attachment: FY2016 Operating Budget through January 31, 2016

1000 General Fund

		----- Current Year -----				
Account Object	Description	Current Month	Current YTD	Budget	Variance	%
Revenue						
330100	Contribution Member Jurisdiction		1,100,262.02	1,100,264.00	-1.98	100
						100
	Total Revenue	0.00	1,100,262.02	1,100,264.00	-1.98	100
Expenses						
410000	Personnel Expenses					
110	Salaries-Regular Pay	80,144.07	572,240.74	678,632.00	106,391.26	84
130	Health & Dental Benefits	5,342.12	66,264.88	82,752.00	16,487.12	80
131	Payroll Taxes	5,914.80	38,267.55	53,279.00	15,011.45	72
132	Retirement VRS	518.46	36,858.44	50,542.00	13,683.56	73
133	Life Insurance		6,068.88	8,076.00	2,007.12	75
134	Flex Spending/Dependent Care	26.25	325.00	478.00	153.00	68
135	Workers Comp		789.00	747.00	-42.00	106
137	Disability Insurance	446.75	9,094.18	13,573.00	4,478.82	67
	Total Account	92,392.45	729,908.67	888,079.00	158,170.33	82
420000	Professional Services					
210	Audit & Accounting Services		20,000.00	27,500.00	7,500.00	73
220	Bank Service			750.00	750.00	
230	Insurance		3,759.00	3,900.00	141.00	96
240	Payroll Services	79.54	878.47	1,300.00	421.53	68
250	TransAction Update Outreach	502.13	502.13	46,200.00	45,697.87	1
260	Public Outreach	68.76	8,961.97	46,300.00	37,338.03	19
261	Legal/Bond Council Services			50,000.00	50,000.00	
262	Financial Services	18,000.00	54,000.00	72,000.00	18,000.00	75
263	Bond Trustee Fees		2,687.50	2,700.00	12.50	100
	Total Account	18,650.43	90,789.07	250,650.00	159,860.93	36
430000	Technology/Communication					
310	Acctg & Financial Report System			12,000.00	12,000.00	
320	HW SW & Peripheral Purchase		555.99	4,000.00	3,444.01	14
330	IT Support Svc Incl Hosting	929.00	9,868.93	10,420.00	551.07	95
340	Phone Service	440.91	4,590.95	7,680.00	3,089.05	60
350	Web Develop & Hosting	462.00	21,469.00	38,920.00	17,451.00	55
	Total Account	1,831.91	36,484.87	73,020.00	36,535.13	50
440000	Administrative Expenses					
410	Advertisement	25.00	75.00	1,500.00	1,425.00	5
411	Dues & Subscriptions		1,602.00	3,000.00	1,398.00	53
412	Duplication & Printing	507.00	8,619.28	17,000.00	8,380.72	51
413	Furniture & Fixture			1,500.00	1,500.00	
414	Meeting Expenses	4,503.12	6,795.07	3,600.00	-3,195.07	189
415	Mileage/Transportation		3,434.40	7,200.00	3,765.60	48
416	Misc Exp		5,762.57		-5,762.57	

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
Income Statement
For the Accounting Period: 4 / 16

1000 General Fund

		----- Current Year -----				
Account Object	Description	Current	Current YTD	Budget	Variance	%
		Month				
417	Office Lease	8,676.79	94,935.27	93,900.00	-1,035.27	101
418	Office Supplies	140.49	1,668.65	10,000.00	8,331.35	17
419	Postage & Delivery		473.09	600.00	126.91	79
420	Professional Develop & Training	252.27	4,268.99	9,750.00	5,481.01	44
421	Industry Conferences	-252.27	2,861.02	3,000.00	138.98	95
	Total Account	13,852.40	130,495.34	151,050.00	20,554.66	86
	Total Expenses	126,727.19	987,677.95	1,362,799.00	375,121.05	72
	Net Income from Operations	-126,727.19	112,584.07			
Other Expenses						
521000	Transfers					
820	Transfer to Operating Reserve			247,619.00	247,619.00	
	Total Account			247,619.00	247,619.00	
	Total Other Expenses	0.00	0.00	247,619.00	247,619.00	
	Net Income	-126,727.19	112,584.07			