

FINANCE COMMITTEE AGENDA

Thursday July 9, 2026

5:30 p.m., EST

2600 Park Tower Dr, Suite 601 Window Conference Room

Vienna, VA 22180

This meeting will be held in person and accessible via YouTube

1. Call to Order/Welcome David Snyder, Chair

ACTION ITEMS

2. Approval of May 14, 2026, Draft Meeting Summary Minutes David Snyder, Chair

Recommended Action: Approval of May 14, 2026, Draft Meeting Summary Minutes

3. Acquisition of Legal Services for Review of Draft Grants Manual

Mr. Longhi, Chief Financial Officer

Recommended Action: Recommend Authority Approve Proposed Agreement for Legal Services

4. Update to the NVTA Investment Policy

Ms. Sen, Investment & Debt Manager

Recommended Action: Recommend Authority Adoption

5. Leesburg Route 15 Bypass Cancellation

Mr. Longhi, Chief Financial Officer

Recommended Action: Recommend Authority to close out SPA 2018-55-3

DISCUSSION/INFORMATION ITEMS

6. Finance Team Update Mr. Longhi, Chief Financial Officer

7. Monthly Investment Portfolio Report Ms. Sen, Investment & Debt Manager

8. Monthly Revenue Report Mr. Longhi, Chief Financial Officer

9. Monthly Operating Budget Report Mr. Longhi, Chief Financial Officer

10. NVTA Update (Verbal Report) Ms. Backmon, Chief Executive Officer

Closed Session

(if necessary).

11. Adjournment David Snyder, Chair



Next Meeting:

Thursday, September 10, 2026

5:30 p.m. EST

2600 Park Tower Drive, Suite 601

Vienna, VA 22180

SUMMARY MINUTES

Thursday, May 14, 2026 – 5:30, p.m., EST
2600 Park Tower Drive, Suite 601
Vienna, VA 22180

2.

This meeting was conducted both in person and virtually as well as livestreamed

1. Call to Order

- ✓ Chair David Snyder called the meeting to order at 5:32 p.m.

Roll Call:

- ✓ **Membership Attendees:** Chair Snyder; Chair Jefferson (5:50); Chair Randall
- ✓ **Staff Attendees:** Monica Backmon (Chief Executive Officer); Michael Longhi (Chief Financial Officer); Peggy Teal (Deputy Chief Financial Officer); Dev Priya Sen (Investment & Debt Manager); Lu Han (Comptroller); Margaret Duker (Accounting Assistant); Lauren Wilber (Financial Accountant); Gary Armstrong (Senior Accountant); Sree Nampoothiri (Senior Manager, Transportation Planning & Programming); Amila Tola (Executive Assistant to the CEO)
- ✓ **Council of Counsels:** Christina Brown (City of Alexandria); Daniel Robinson (Fairfax County)

Members of the public, jurisdiction and agency staff were in person and were able to watch the meeting livestreamed via [NVTA's YouTube Channel](#)

Presentation

2. Portfolio Interest Rate Shock Analysis

Ms. Sen, Investment & Debt

- ✓ Ms. Sen presented a Portfolio Interest Rate Shock Analysis for the investment portfolio, reviewing the portfolio's positioning under various interest rate stress scenarios. She explained that the portfolio continues to generate strong income while maintaining manageable risk through diversified holdings, high-quality securities, and a laddered maturity structure.
- ✓ The analysis evaluated potential impacts from interest rate changes ranging from plus or minus 50 (.5%) basis points to plus or minus 300 (3%) basis points. Ms. Sen noted that the 300-basis-point scenario represented a severe stress test and was not considered a likely outcome. She explained that the portfolio's book yield remains relatively stable under a buy-and-hold strategy, while market values fluctuate based on prevailing interest rates and market conditions.
- ✓ Ms. Sen detailed the income-focused shock scenario involving a ± 100 basis point (1%) interest rate movement. She explained that if interest rates rise by 100 basis points, the portfolio could experience a temporary decline in market value resulting in unrealized losses; however, future reinvestments would benefit from higher yields. Conversely, if interest rates decline by 100 basis points, the

portfolio's market value would increase, creating unrealized gains, while future reinvestment income would decline due to lower market rates.

- ✓ Ms. Sen also presented various bond market risks, including interest rate, liquidity, credit, call, reinvestment, inflation, and event risks, and explained how the portfolio structure helps mitigate those exposures. She further reviewed the portfolio's maturity ladder and discussed plans to reinvest maturing securities into identified maturity gaps to maintain liquidity and portfolio balance.
- ✓ Chair Randall raised a question about the impact of geopolitical and economic developments, including inflation, unemployment trends, tariffs, and market conditions, on the likelihood of future rate cuts. Mr. Longhi explained that recently released economic data, including higher inflation, slowing business inventories, and changing employment trends, may make it difficult for the Federal Reserve to reduce interest rates in the near term. It was noted that although earlier market expectations anticipated two rate cuts during the year, current economic conditions could delay or potentially eliminate the likelihood of rate reductions this year.
- ✓ Chair Randall discussed recent increases in unemployment and questioned whether federal workforce reductions and ongoing government restructuring efforts could be contributing factors, particularly within the region. Mr. Longhi responded that while government restructuring may be a contributing factor, broader economic trends are also influencing employment conditions. Mr. Longhi noted that several major corporations, including technology firms, have recently announced significant layoffs associated with artificial intelligence adoption and workforce restructuring. It was explained that some companies are transitioning to new skill sets and operational models as industries adapt to technological changes.
- ✓ Chair Randall, Chair Synder, Ms. Sen and Mr. Longhi discussed the purpose of the interest rate shock analysis and how it supports long-term financial planning and portfolio management. The analysis is used to inform future financial projections and evaluate potential market impacts under changing interest rate conditions. It was noted that because the Authority generally holds securities to maturity, market valuation changes are primarily unrealized and are evaluated for planning and risk management purposes rather than immediate financial impact. Mr. Longhi explained that the laddered maturity structure helps mitigate the effects of interest rate fluctuations over time by spreading maturities across multiple years, allowing the portfolio to gradually recover and reinvest under changing market conditions. Chair Snyder commented that the analysis reflects proactive financial management and good governance practices by helping the Authority anticipate and prepare for varying economic scenarios while protecting investment assets. Appreciation was expressed for the portfolio's overall positioning, risk management approach, and alignment with the Authority's investment policies and guidance.

Action Items

3. Approval of February 12, 2026, Draft Meeting Summary Minutes

Chair Snyder

- ✓ On a motion by Chair Randall, seconded by Chair Jefferson, the Summary Meeting Minutes of February 12, 2026, were approved unanimously.

4. Revenue Projection Update FY2026 Through FY2031 Mr. Longhi, CFO

- ✓ Mr. Longhi presented the FY2026 to FY2031 revenue projections included in the staff report by noting that revenues are monitored monthly with projection revisions typically made concurrent with Six-Year Program updates (every two fiscal years). Projected revenues are set at \$512 million for fiscal 2030 and \$527 million for 2031.
- ✓ In addition to making initial projections for FY2030/FY2031, Table 1 in the staff report shows revised FY2026/FY2029 projections.
- ✓ Mr. Longhi further added the FY2026/2031 updated projections are based on:
 - Revenue projections were developed using a combination of economic indicators and statistical methods. Sales tax revenue was estimated by analyzing population trends, median household income, and a regression model to project future taxable sales activity. Grantor's tax revenue was projected using average home sale prices, population growth, and housing unit sales, also supported by regression analysis. These methods help provide data-driven estimates of future revenue based on historical patterns and demographic trends.
 - Utilizing each individual jurisdiction's pre-pandemic, pandemic, and post pandemic NVTAs sales & grantors tax receipt history as the basis to forecast the revenues for the next six years.
 - Resources include the Preliminary FY2027-2032 Commonwealth Transportation Fund Six-Year Financial Plan report from VDOT, as well as Census data, Northern Virginia Association of Realtors (NVAR) housing data, and demographic reports from the individual jurisdictions.
- ✓ Chair Synder asked why staff appeared confident about the revenue projections for fiscal years 2030 and 2031. Mr. Longhi explained that the projections were based on an examination of long-term economic trends and noted that prior revenue estimates had already incorporated the potential impacts of a recession. He stated that recessions typically span multiple fiscal years rather than occurring within a single year and expressed confidence that the forecasts had adequately accounted for those conditions. Mr. Longhi also explained that a taper factor is applied in the out years of the PayGo analysis to provide additional flexibility and maintain transparent revenue forecasting practices. The goal is to project revenues slightly below anticipated actual performance to avoid future funding shortfalls. Mr. Longhi also emphasized that the Authority maintains several financial safeguards, including a \$120 million working capital reserve and approximately \$1.6 billion in debt capacity, which could support short-term borrowing if necessary to manage temporary revenue shortfalls.
- ✓ Chair Randall moved the Finance Committee recommend Authority approval and adoption of the FY2026 to FY2031 revenue projections, seconded by Chair Jefferson. Motion carried unanimously.

5. Regional Revenue Fund FY2030/31 PayGo Funding Levels

Mr. Longhi, CFO

- ✓ Mr. Longhi presented the Projected FY2030/FY2031 PayGo funding analysis for fiscal years 2030 and 2031, noting that the figures reflected the most current available information. Staff recommended a combined project approval of approximately \$775.8 million for the Six Year Program two-year update scheduled for consideration at the July Authority Meeting.
- ✓ NVTA planning staff anticipate recommendations will be presented to the Technical Advisory Committee, Planning Coordination Advisory Committee, and the Planning and Programming Committee for consideration in June.
- ✓ PayGo Estimation Analysis:
 - Refining gross Regional Revenue Fund amounts to PayGo involves 14 calculation steps beyond the initial revenue estimates. Some of these steps are based on currently known data points, and some are based on estimates extended over a six-year horizon, (FY2026 through FY2031).
 - Known data points are:
 - Fund Balance Adjustment, which accounts for returned funds from project cancellations, positive/negative revenue variances, and similar adjustments.
 - Proposed Taper Release (folds into Fund Balance Adjustment)
 - Debt Service
 - Proposed Taper Reinstatement which serves as a contingency to provide financial flexibility.
 - Estimates include:
 - Portfolio interest earnings
 - Operating budget transfer estimates
 - Technical support costs including Long Term Benefits, Congestion Reduction Relative to Cost, and SYP Updates
 - Regional modeling and data initiatives
 - Future TransAction Update costs and Regional BRT Planning costs
- ✓ Risk Mitigation:
 - No use of the Working Capital Reserve (WCR) of \$120 million is proposed.
 - Out year revenue estimate tapers have been reestablished, post COVID-19 pandemic.
 - NVTA staff will use the Standard Project Agreement (SPA) Appendix A/B approvals to manage liquidity demands.
 - Authority credit ratings, the WCR, and long project horizons provide strong fundamentals for the use of short-term financing, if required, to support project commitments.
- ✓ Chair Randall raised the question as whether any portion of the PayGo funding could be reserved for existing projects already underway or whether the funding was intended for new projects. Mr. Longhi replied that PayGo funding for fiscal years 2030–2031 is intended for new projects only. However, projects that previously received partial funding and were transparent about returning for additional funding requests could seek additional PayGo funding during the 2030–2031 cycle. Mr. Longhi also referenced the Authority’s Policy 30 requiring projects to return for approval if additional funding is needed.

- ✓ Chair Randall followed up with a question asking whether the taper factors are included in the projections. Mr. Longhi confirmed that the taper functions as a protective reserve within the funding calculations. If the taper amount is ultimately not needed, the unused funds automatically flow back into the PayGo calculation through the fund balance adjustment process, thereby increasing available project funding in the future.
- ✓ Chair Synder asked whether the PayGo funding practices and financial calculations are reviewed by auditors. Mr. Longhi confirmed that the practices are subject to auditor review and explained that auditors evaluate management's judgment in developing the financial assumptions and calculations. If the auditors had concerns regarding those judgments, they would raise those concerns with the Finance Committee. As such the auditors have not raised any concerns or challenges regarding the practices or calculations, to date.
- ✓ Chair Randall moved the Finance Committee recommend Authority approval and adoption of the Regional Revenue Fund FY2030/31 PayGo Funding Levels, seconded by Chair Jefferson. Motion carried unanimously.

Discussion/Information Items

6. **Monthly Investment Portfolio Report** Ms. Sen, Investment & Debt Manager
 - ✓ Ms. Sen reviewed and presented the Monthly Investment Portfolio report as provided in the packet.

7. **Monthly Revenue Report** Mr. Longhi, CFO
 - ✓ Mr. Longhi reviewed and presented the Monthly Revenue Report as provided in the packet.

8. **Monthly Operating Budget Report** Mr. Longhi, CFO
 - ✓ Mr. Longhi reviewed and presented the Monthly Operating Budget Report as provided in the packet.

9. **NVTA Update (Verbal Report)** Mr. Longhi, CFO
 - ✓ Mr. Longhi provided an update on the development and review of the grants manual. The manual had been submitted to the auditors for review, including both an audit-level review and input from a grant's specialist with experience as a director of finance and CFO in Virginia. The draft was also shared with council, which provided feedback. Staff indicated they did not identify any issues with the feedback received; however, council noted that the manual contains numerous references to the Code of Federal Regulations and suggested it may be beneficial to have additional review by someone with greater federal grants expertise. Mr. Longhi indicated that NVTA could prepare a cost estimate and return with an action item for Authority consideration, initially proposed for June, with clarification that final Authority action would likely occur in July due to scheduling.

10. Adjournment

- ✓ Chair Snyder expressed his appreciation to the staff and the members of the Finance Committee for their ongoing support and contributions.
- ✓ Seeing no further questions, discussion, or business, Chair Snyder adjourned the meeting at 6:24 p.m.

DRAFT

MEMORANDUM

FOR: Chair David Snyder and Members
Northern Virginia Transportation Authority Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: July 2, 2026

SUBJECT: Acquisition of Legal Services for Review of Draft Grants Manual

1. **Purpose:** To request the Northern Virginia Transportation Authority (NVTa) Finance Committee (Committee) recommend Authority approval to accept a proposal from Nossaman LLP for \$25,000 to review the current Grants Manual draft.
2. **Suggested Motion:** *I move the Finance Committee recommend Authority approval to execute an agreement approved by the Council of Counsels, with Nossaman LLP at a cost of \$25,000 to review the Grants Manual draft, and to transfer the cost of the review from the Regional Revenue Fund to the Operating Fund Budget.*
3. **Background:** NVTa developed a Grants Manual to establish standardized policies and procedures for the administration of NVTa grant programs. The proposed manual consolidates existing practices and provides clear guidance on grant processes, including program administration, application, financial management system, pass-through entities, allowability of costs, procurement system and compliance requirements with Federal Code. Adoption of the Grants Manual will promote consistency, transparency, and accountability in the management of grant funds.

At the May 14, 2026, Finance Committee meeting, due to the numerous references to the Code of Federal Regulations in the draft manual, the Committee requested staff to seek a cost estimate for a legal review of the draft Grants Manual from a firm with appropriate experience.

4. **Overview of Grants Manual:** The Grants Manual provides guidance on the administration and management of grant funds and includes the following key components:
 - a. Introduction and guidance on applying for grant funds
 - b. Requirements for financial management systems
 - c. Overview of financial management and accounting systems
 - d. NVTa accounting records and documentation requirements
 - e. Time and effort reporting requirements
 - f. Policies governing the expenditure of grant funds
 - g. Equipment management requirements

- h.** Pass-through entity responsibilities
- i.** Determination of allowability of costs
- j.** Federal cash management policies and procedures
- k.** Timely obligation of funds
- l.** Procurement system requirements and purchasing methods
- m.** Conflict of interest policies

The manual is intended to serve as a reference for NVTA staff and grant recipients to ensure consistent financial management, procurement practices, and compliance with applicable federal and state requirements.

Attachment: Nossaman LLP – NVTA Federal Compliance Proposal (6/29/2026)



A View of Nossaman

**Prepared for
Northern Virginia Transportation Authority**

June 29, 2026

Prepared by

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About Nossaman

For more than 80 years, Nossaman LLP (Nossaman) has been home to some of the brightest legal minds and most creative thinkers. With 12 offices spanning the United States, we utilize a multi-disciplinary approach that combines the skill and experience of our litigators with our transactional attorneys, regulatory attorneys, and policy advisors to achieve client goals. Every day, our 160 attorneys and policy advisors work to help clients define success and develop innovative strategies to move forward.

REGULATORY COMPLIANCE EXPERTISE

Nossaman's Infrastructure attorneys are innovators and have earned a reputation for helping clients navigate complex challenges and deliver first-of-their-kind projects. Our attorneys have extensive experience planning, procuring, and financing award-winning transportation, water and wastewater, and public building projects. Clients appreciate our experience leading signature engagements, both for public agencies and private enterprises in the United States, Canada, Australia, and Asia.

Because many of our infrastructure projects are federally funded, we have a deep understanding of the requirements that entities must meet to maintain eligibility for, and comply with associated requirements of, federal funding. We frequently advise clients regarding compliance with federal regulatory requirements across a variety of infrastructure classes and across a variety of federal regulatory regimes, advising on compliance with Buy America and other domestic preference requirements, crafting specific compliance programs relating to required certifications and assurances of the Federal Transit Administration, and advising on prevailing wage requirements and local hire initiatives, for example.

Nossaman's attorneys have experience working under the Federal Acquisition Regulation (FAR), both in advising clients acting as federal contractors as well as using the FAR as an ancillary resource for federal grantees. We have developed tools to ensure that all relevant procurement and contracting requirements are addressed.

PROPOSED TEAM

CORE TEAM



Shant Boyajian | Partner | Lead. Shant offers deep experience in the compliance and policy issues behind infrastructure strategy through his advice to public agencies on the nation's largest, most complex infrastructure projects. Clients have found tremendous value in his deep experience in procurement, contract negotiation, and implementation of public-private partnership (P3), progressive, and other forms of innovative project delivery methods. Shant is also one of the nation's leading compliance experts, having served as

Senior Counsel to the U.S. Senate Committee on Environment and Public Works and as Counsel to the Subcommittee on Highways and Transit for the House Committee on Transportation and Infrastructure. Shant's expertise is sought out by the largest transportation agencies across the country on federal funding, financing, policy, and compliance issues.

Adeyemi Ojudun | Associate. Adeyemi is an infrastructure attorney with substantial experience advising clients through the project delivery process, including procurement procedures, drafting contract and procurement documents, and conducting regulatory compliance. She has worked with the San Francisco Public Utility Commission to prepare a P3 agreement for the Southeast Treatment Plant Biogas Utilization Project, as well as advised on the P3 procurement of tolled express lanes for the Georgia State Road and Tollway Authority and the procurement strategy for Massachusetts's National Electric Vehicle Infrastructure Deployment Plan for Massachusetts DOT. Adeyemi's background in litigation and dispute resolution enables her to advise regarding issues critical to infrastructure projects.



RESOURCE TEAM



Simon Santiago | Partner. Simon has handled contractual, procurement, development, and construction issues for the largest transportation, transit, and multi-modal projects in the U.S. Public sector clients seek his guidance in creating successful infrastructure projects through innovative procurement, financing, and delivery methods. Recently, Simon's relevant experience includes representing the Georgia State Road and Tollway Authority on Atlanta's managed lanes P3s. His experience also includes advising on Maryland's first transit DBFOM P3 project of a \$2 billion light rail system; leader of a team

on a groundbreaking toll concession P3 procurement for Virginia Department of Transportation (VDOT)'s \$2.1 billion Elizabeth River Midtown Tunnel; and serving as project counsel on a \$756 mm DB tunnel project for the Chesapeake Bay Bridge and Tunnel District in Virginia. Given his broad experience, he often advises industry leaders and policymakers on emerging federal legislative and policy issues. Simon helped develop P3-enabling legislation, procedures, and programs in Maryland, Virginia, North Carolina, and Georgia.

Ann-Therese Schmid | Partner. Ann-Therese has advised clients on traditional and alternative project development and delivery for over 20 years. She offers deep background with federal regulatory compliance and is a recognized leader in the confluence of transportation project delivery, legislation, and public policy. Ann-Therese uses experience with public policy and federal regulations to develop and deliver creative procurement and contracting solutions to her clients, and routinely advises her clients on federal regulatory and grants compliance, including advising clients on federal audits and reviews. She has successfully provided legal guidance and expertise on a range of transportation infrastructure projects, including acting as alternative delivery counsel on design-build (DB), construction management at risk (CMAR), construction manager/general contractor (CM/GC), and public-private partnerships (P3).



PROPOSED RATE AND ESTIMATED LEGAL FEES

We understand the importance of delivering top-tier, extraordinary counsel and expertise within a budget. Our attorneys look for every possible way to add value and provide high quality service to help clients achieve their goals while minimizing legal costs.

Proposed Rate

We are pleased to offer a blended hourly rate of \$605 for all attorneys. Our proposed rate is fully burdened and includes all administrative and overhead costs, such as secretarial assistance, word processing, and telephone charges. This rate will be in effect through 2026, with a roughly 5% increase each calendar year.

Estimated Legal Fees

You have asked us to provide an estimate to review the current draft of the Northern Virginia Transportation Authority grants manual for compliance with applicable federal grant requirements and to prepare revisions intended to support compliance with requirements of the Federal Highway Administration, Federal Transit Administration, and Federal Railroad Administration.

We estimate total legal fees of approximately \$25,000 for this engagement. The estimate assumes that Nossaman attorneys will participate in a kickoff and a closeout meeting related to this task and one round of comments and associated revisions.

We desire to build long-term relationships with each of our clients and are confident you will find tremendous value in our services, which we will perform as efficiently and cost-effectively as practicable.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
MEMORANDUM

4.

FOR: Chair David Snyder and Members
Northern Virginia Transportation Authority Finance Committee

FROM: Dev Priya Sen, Investment & Debt Manager

DATE: July 2, 2026

SUBJECT: Update to the NVTA Investment Policy

1. **Purpose:** To seek Northern Virginia Transportation Authority (NVTA) Finance Committee recommendation of Authority approval of the proposed Investment Policy update as described below and detailed on the attached draft.
2. **Suggested Motion:** *I move the Finance Committee recommend Authority approval of the proposed Policy 13- Investment Policy Update as detailed in the attached draft.*
1. **Background:** In order for NVTA's investment policy to be certified by the Government Investment Officers Association (GIOA), and the Association of Public Treasurers of the United States and Canada (APT) updates were proposed, expanding and elaborating on governance structure, investment procedures, and investment restrictions to comply with GIOA and APT best practices and model investment policy. There were no changes to NVTA's investment practices, philosophy nor allowable security purchases.
2. **Investment Policy:**
 - A. The submission of the Authority's Investment Policy for national and international certification has been discussed at prior Finance Committee meetings.
 - B. In preparation for submitting the Investment Policy for certification, a review of certification requirements were compared with the existing policy by NVTA staff with representatives of GIOA and APT.
 - C. The proposed Investment Policy changes include the following:
 - a. Expanded the Introduction and Governing Authority section to state the policy's purpose and establish NVTA's standing as a political subdivision of the Commonwealth
 - b. Restated Safety, Liquidity, then Yield (SLY) as the guiding investment philosophy, with maturities matched to expected cash flows and securities generally held to maturity.
 - c. Added Standard of Prudence and Governance restructured:
 - Renamed "Role of the CFO" to "Delegation of Authority and Investment Responsibility," delegating purchases to the Investment & Debt Manager with final approval retained by the CFO.
 - Replaced the Finance Committee with a new Investment Program Oversight Committee (IPOC). Detailed Investment Procedures added — New step-by-step operational workflow: weekly team meetings, broker contact, VCON/Bloomberg trade tickets, CFO approval via Adobe Sign, custodian

notification, settlement confirmation, cash-flow/maturity management, LGIP handling, and wire-transfer controls.

- d. Expanded the Prohibited Investments list to bar foreign-origin and foreign-currency securities, securities outside U.S. regulatory oversight, ABS/MBS, short selling, step-down securities, and repurchase and reverse-repurchase agreements. This change documents current practice.
 - e. Added Transaction and Calculation Parameters, including a two-bid requirement, a floor preventing purchases that yield below the most recent comparable Treasury auction, a 30-day forward-settlement limit, a two-failed-trade cap per broker, and a book-value-at-purchase allocation method. This change documents current practice.
 - f. Added a Business Continuity section, updated Diversification and Maturities, and formalized an annual policy review, revision, and adoption process through the IPOC.
 - g. Substantially expanded the Glossary.
3. **Next Steps:** With the Finance Committee recommendation and feedback the policy updates will be submitted for Authority consideration at the September 10, 2026, meeting.

Attachments

- A. Draft Policy 13 – Investment Policy Update (With track changes)

Northern Virginia Transportation Authority

Investment Policy

Adopted: December 11, 2014
Revised: April 11, 2019
Revised: October 10, 2019
Revised: October 8, 2020
Revised: March 10, 2022
Revised: October 12, 2023

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

DRAFT

Investment Policy

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DRAFT

INVESTMENT POLICY

INTRODUCTION AND OVERVIEW

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

GOVERNING AUTHORITY

The Northern Virginia Transportation Authority (NVTa) is ~~a related~~ a political subdivision of the Commonwealth of Virginia. ~~known as the Northern Virginia Transportation Authority, for purposes of this chapter referred to as "the Authority."~~The Code of Virginia (Code) through §33.2-2509 Northern Virginia Transportation Authority Fund, allows the Authority to determine the amount of funds in excess of current needs which may be invested as allowed in the Code.

In addition to such other powers vested in the Authority by this chapter, the Authority shall have the following powers and functions:

- The Authority shall prepare a regional transportation plan for Planning District 8 that includes transportation improvements of regional significance and those improvements necessary or incidental thereto and shall revise and amend the plan. The provisions of Article 7 (§ 33.2-1928 et seq.) of Chapter 19 shall apply, mutatis mutandis, to preparation of such transportation plan.
- The Authority shall evaluate all significant transportation projects, including highway, mass transit, and technology projects, in and near Planning District 8, to the extent that funds are available for such purpose. The evaluation shall provide an objective, quantitative rating for each project according to the degree to which the project is expected to reduce congestion and, to the extent feasible, the degree to which the project is expected to improve regional mobility in the event of a homeland security emergency. Such evaluation shall rely on analytical techniques and transportation modeling, including those that employ computer simulations currently and customarily employed in transportation planning. The Authority may rely on the results of transportation modeling performed by other entities, including the Department of Transportation and private entities contracted for this purpose, provided that such modeling is in accordance with this section. The Authority shall publicize

the quantitative ratings determined for each project on its website and complete the evaluation at least once every four years, with interim progress reports provided on the website at least once every six months.

For purposes of this section, the significant transportation projects to be evaluated may include:

- Projects included in the version of the Financially Constrained Long-Range Transportation Plan of the National Capital Region Transportation Planning Board in effect when the evaluation is made, plus additional projects in the plan adopted according to subdivision 1; and
- Other highway, rail, bus, and technology projects that could make a significant impact on mobility in the region, including additional Potomac River crossings west and south of Washington, D.C.; extension of the Metro Orange Line, Metro Yellow Line, and Metro Blue Line; bus rapid transit on Interstate 66; vehicle capacity and mass transit improvements on the U.S. Route 1 corridor; and implementation of relevant portions of the Statewide Transportation Plan established pursuant to § 33.2-353.
- The Authority may, when a transportation plan is adopted according to subdivision 1, construct or acquire, by purchase, lease, contract, or otherwise, the transportation facilities specified in such transportation plan.
- The Authority may enter into agreements or leases with public or private entities for the operation of its facilities or may operate such facilities itself.
- The Authority may enter into contracts or agreements with the counties and cities embraced by the Authority, with other transportation commissions of transportation districts adjoining any county or city embraced by the Authority, with any transportation authority, or with any federal, state, local, or private entity to provide, or cause to be provided, transportation facilities and services to the area embraced by the Authority. Such contracts or agreements, together with any agreements or leases for the operation of such facilities, may be used by the Authority to finance the construction and operation of transportation facilities and such contracts, agreements, or leases shall inure to the benefit of any creditor of the Authority.
- Notwithstanding subdivisions 1 through 5, the Authority shall not have the power to regulate services provided by taxicabs, either within municipalities or across municipal boundaries; such regulation is expressly reserved to the municipalities within which taxicabs operate.
- Notwithstanding any other provision of law to the contrary, the Authority may:

- Acquire land or any interest therein by purchase, lease, or gift and provide transportation facilities thereon for use in connection with any transportation service;
 - Acquire land or any interest therein by purchase, lease, or gift in advance of the need for sale or contribution to an agency, for use by that agency in connection with an adopted transportation plan; and
 - Prepare a plan for mass transportation services with persons, counties, cities, agencies, authorities, or transportation commissions and may further contract with any such person or entity to provide necessary facilities, equipment, operations and maintenance, access, and insurance pursuant to such plan.
- The Authority shall embrace the counties of Arlington, Fairfax, Loudoun, and Prince William, and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park. The Authority shall annually elect from its voting members a Chair and a Vice Chair. The Authority shall consist of seventeen (17) members as follows:
 - The Chairs and Mayors of the nine Northern Virginia jurisdictions, or their designee.
 - One chief elected official from Northern Virginia's five largest towns
 - Three members of the Virginia General Assembly.
 - Two gubernatorial appointees, including one Northern Virginia Commonwealth Transportation Board representative.
 - The Commissioner of Highways and the Director of the Department of Rail and Public Transportation (DRPT), or their designee.

PURPOSE AND SCOPE

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

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

OBJECTIVES

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

Safety of principal is the foremost objective in the investment of public funds.

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

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

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

PRIMARY INVESTMENT PHILOSOPHY

The primary investment philosophy of the Authority is to manage the investment of funds committed to regional transportation projects under the common understanding of the SLY principle: Safety, Liquidity and then Yield. ~~match~~ Additionally, investment maturities will be matched ~~with to~~ expected cash flows and typically. ~~Securities shall be~~ held until maturity.

STANDARD OF PRUDENCE

As required in Code of Virginia §2.2-4514, investment transactions will be conducted solely in the interest of the citizens of the Commonwealth and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

~~ROLE OF THE CHIEF FINANCIAL OFFICER~~ DELEGATION OF AUTHORITY AND INVESTMENT RESPONSIBILITY

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

The CFO shall invest all available cash (with the exception of 30% funds) into a common investment portfolio. The CFO and Investment and Debt Manager will file an annual Statement of Economic Interest and make any and all other disclosures or recusals in compliance with NVT A Policy 2 – Conflict of Interest. In no event shall any employee involved in the investment process also be involved in personal business activity that could conflict with proper execution of the investment program. The CFO authorizes the Investment and Debt Manager to carry out security purchases following a review ~~with~~by the CFO, however, final authority and approval will remain with the CFO.

In the event a security(s) held in the portfolio is downgraded, below the approved purchase level, the CFO will advise the Finance Committee at their next meeting, of actions taken or strategies planned in response to the downgrade. Actions and strategies will consider the reason for the downgrade, financial condition of the issuer, maturity dates, market value and market conditions.

The CFO [and the Investment and Debt Manager](#) shall continue to monitor the statutes and regulations and modify investment procedures accordingly to ensure compliance.

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

ROLE OF THE INVESTMENT MONITOR

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

~~ROLE OF THE FINANCE COMMITTEE~~ INVESTMENT PROGRAM OVERSIGHT COMMITTEE (IPOC) AND INVESTMENT PROGRAM REVIEW

The Finance Committee [will serve as the IPOC and](#) is [established-charged by in](#) the Authority to review the CFO's actions regarding the disposition of Authority funds. The Finance Committee meets at regular intervals with the CFO to review the GASB 40 Statement and monthly portfolio recap. The makeup of the Finance Committee is specified in the [Authority's](#) Bylaws.

ETHICS AND CONFLICT OF INTEREST

Employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal

financial/investment positions that could be related to the performance of the investment portfolio. Employees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Authority.

INTERNAL CONTROLS

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

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

LIMIT OF RECEIPTS:

No officer or employee of a local governmental or advisory agency or candidate required to file the disclosure form prescribed in § 2.2-3117 or a member of his immediate family shall solicit, accept, or receive any single gift with a value in excess of \$~~10050~~ or any combination of gifts with an aggregate value in excess of \$~~10075~~ within any calendar year for himself or a member of his immediate family from any person that he or a member of his immediate family knows or has reason to know is (i) a lobbyist registered pursuant to Article 3 (§ 2.2-418 et seq.) of Chapter 4; (ii) a lobbyist's principal as defined in § 2.2-419; or (iii) a person, organization, or business who is or is seeking to become a party to a contract with the local agency of which he is an officer or an employee. Gifts with a value of less than \$20 are not subject to aggregation for purposes of this prohibition.

INVESTMENT PROCEDURES

- Investment Management Responsibilities
 - The Investment & Debt Manager oversees the Authority's daily investment and debt activities. New securities are typically purchased when existing investments mature or when ~~state~~ revenue transfers from the Commonwealth ~~is~~are received ~~that is~~and not immediately required for project expenditures.
 - The investment team meets weekly to review market conditions,

portfolio positioning, and available funds. Final authorization for all investment [purchasesactivity](#) is provided by the Chief Financial Officer (CFO).

- Investment Execution Process - When a decision is made to purchase a security:
 - The Investment & Debt Manager contacts brokers, communicates investment objectives (e.g., risk tolerance, maturity, liquidity needs), and negotiates yield.
 - Once the trade is executed, a VCON trade ticket is received through Bloomberg.
 - The trade ticket is reviewed, and a trade authorization form is prepared with supporting documentation (e.g., security description).
 - The package is submitted to the CFO for approval via Adobe Sign.
 - After approval, the custodian is notified of the trade details and provided the trade ticket; this notification is required prior to settlement.
 - Relevant finance staff are also notified.
 - On the settlement date, follow-up is performed to confirm successful settlement.
 - The new security is recorded in the portfolio management system.

- Cash Flow and Maturity Management

Upcoming maturities are tracked, and reminders are provided to appropriate finance staff. Upon receipt of monthly revenue:

- Cash flow needs related to reimbursements and expenditures are assessed.
- In consultation with the CFO, a determination is made regarding the portion of funds available for reinvestment.
- Proceeds from matured securities are either reinvested or transferred to the state-managed [Local Government Investment Pool \(LGIP\)](#) account, depending on direction from the CFO.

When a security matures:

- The maturity is reflected in the portfolio management system and verified with the custodian.
- Proceeds are recorded as deposits.
- Related coupon or interest payments are reconciled and properly recorded.

- Wire Transfers and Fund Movements

When proceeds need to be transferred:

- A wire transfer form is prepared and the transfer amount is confirmed with finance staff.
- The wire form is submitted to the CFO for approval.
- Upon approval, required internal documentation is prepared and

the form is sent to the custodian.

- o All supporting documentation is saved in the shared network folder.
- o Once confirmation is received from the custodian, the transaction is recorded in the portfolio management system, and appropriate general ledger codes are applied.

INTERNAL AND EXTERNAL AUDIT

The Finance Committee is designated as the Authority's Audit Committee. As a political subdivision of the Commonwealth of Virginia, the Authority is required to complete an annual audit of its financial activities for each fiscal year following standards contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Specifications for Audits of Authorities, Boards and Commissions issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The Authority contracted with an independent, external, licensed certified public accounting (CPA) firm to complete the required audit. The CPA firm will have access to all Investment transactions held with the broker, and custodian. The results of that audit shall be furnished to the IPOC and the Authority as part of the annual financial statement audit.

SAFEKEEPING AND CUSTODY

- Securities purchased by the Authority shall be delivered against payment (delivery vs. payment) and held in the Authority's custodial safekeeping account(s).
- The Authority shall maintain a custody safekeeping agreement at all times with a banking institution qualified under the Virginia Security for Public Deposits Act (SPDA).

EXTERNAL PORTFOLIO MANAGEMENT

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

COMMUNITY BANK PROGRAM

In order to enable community based financial institutions to compete against regional and national institutions for Authority funds the CFO may set aside a portion of Authority funds upon which only local community-based institutions may bid. In order to qualify for the Community Bank Program, an institution must

be headquartered locally or maintain a significant portion of its branches within the Authority membership jurisdictional boundaries. Any banks which show significant community reinvestment activities beyond the minimums required in the Community Reinvestment Act will receive consideration. Newly chartered banks, meeting the above criterion, will qualify after being closely reviewed for solvency, stability and quality as well as experience of executive management.

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

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

INVESTMENT OF BOND PROCEEDS

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

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

ARBITRAGE MANAGEMENT PROGRAM

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

- Make cash draws from the appropriate SNAP account based on the Authority general ledger activity.

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

PAYMENT OF BANKING SERVICE AND INVESTMENT FEES

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

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

AUTHORIZED DEPOSITORY AND FEE SERVICE BANKS

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

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

AUTHORIZED INVESTMENT BROKER/DEALERS

The CFO shall maintain a list of financial institutions authorized to provide depository (Certificates of Deposit, Negotiated Order of Withdrawal and Money Market accounts) and/or investment broker services by voice or Direct (electronic) Purchases through means such as Bloomberg Terminal.

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

Furthermore, in order to protect NVTa from counterparty risk, only quotes by authorized brokers and financial institutions, or thoroughly vetted counterparts, will be considered for voice or Direct (electronic) Purchases of investments through the Bloomberg Terminal.

Further, authorized financial institutions will:

- Maintain compliance with FINRA Net Capital Requirements for Brokers or Dealers - SEC Rule 15c3-1.
- Any broker must maintain an active registration in good standing with FINRA.
- Achieve a successful review, by the Authority, of individual broker records as posted by FINRA.
- All Broker/Dealers are required to sign an acknowledgement as to receiving, understanding and agreeing to abide by this investment policy prior to the start of any activity. Broker/Dealers which repeatedly propose non-allowable or noncompetitive investments will be removed from the approved list.
- Broker/Dealers will be automatically removed from the authorized list if no instruments have been purchased from their firm for 16 consecutive months.

BENCHMARKS

The portfolio performance benchmarks are to meet or exceed, will be the 18 month average of the InterContinental Bank of America 1-3 Year (ICE BoA 1-3 Year) and the Virginia Local Government Investment Pool (LGIP) Extended Maturity Pool as they reflect the portfolio duration range and both operate in compliance with the Code of Virginia.

PURCHASE OF INVESTMENTS

GENERAL

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

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

Banks and broker/dealers shall be required to provide trade confirmations or similar documentation and monthly statements to the Authority electronically or in hard copy. A copy of all confirms and statements will be provided to the Authority’s Assistant Finance Officer for entry into the accounting system and record retention.

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

INVESTMENT POLICIES AND STANDARDS

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

- No investment shall be purchased if the yield is less than that of the most recently auctioned issue of the United States Treasury of a similar term.

- No investment shall be purchased if two of three or more enhanced ratings from nationally recognized ratings firms are not at or above the minimum required in the Code of Virginia. Due to the use of credit qualifiers by the rating agencies to signify rating reviews in the financial market turmoil starting in calendar year 2009, negative rating qualifications (such as AA- or A1-) will not exclude the instrument.
- The status of any credit enhancement firm will be examined when considering the purchase of an instrument. The CFO will keep a list of unacceptable credit enhancement firms. Any instrument with a credit enhancement by a firm on this list will be considered based on its underlying credit rating not the enhanced rating.
- At no time, shall more than thirty-five percent of the portfolio be invested in commercial paper.
- No more than five (5) percent of the portfolio shall be invested in the commercial paper of a single entity.
- The CFO will determine/reaffirm on a weekly basis the target balance for the portion of the portfolio invested with maturities greater than 24 months.
- At no time shall the remaining maturity of an investment exceed 60 months, unless such investment has a PUT option as described in the Diversity & Maturity Section.
- The CFO shall endeavor to maintain an appropriate diversification in the portfolio. The CFO will diversify instruments and institutions in order to reduce overall portfolio risk while attaining market rates of return.
- The CFO shall use a 18 month average of the Inter-Continental Exchange, Bank of America 1-3 Year Index (ICE BofA 1-3 Year) and Virginia Local Government Investment Pool (LGIP) Extended Maturity Pool as benchmarks for the return on the investment portfolio.
- All investments with the sole exception of bank depository instruments, will be purchased on a delivery versus payment basis through a trust and custody agent under contract with the Authority.

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

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

ALLOWABLE INVESTMENTS

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

The allowable types of investments under the Code of Virginia for non-sinking funds are as follows (§ 2.2-4501):

- Stocks, bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia, and other evidences of indebtedness unconditionally guaranteed as to payment of principal and interest by the Commonwealth of Virginia.
- Bonds, notes and other obligations of the United States, and securities unconditionally guaranteed as to the payment of principal and interest by the United States, or any agency thereof. The evidences of indebtedness enumerated by this subdivision may be held directly, ~~or in the form of repurchase agreements~~ collateralized by such debt securities, or in the form of securities of any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio of such investment company or investment trust is limited to such evidences of indebtedness, ~~or repurchase agreements~~ collateralized by such debt securities, or securities of other such investment companies or investment trusts whose portfolios are so restricted.
- Stocks, bonds, notes and other evidences of indebtedness of any state of the United States upon which there is no default and upon which there has been no default for more than ninety days; provided, that within the twenty fiscal years next preceding the making of such investment, such state has not been in default for more than ninety days in the payment of any part of principal or interest of any debt authorized by the legislature of such state to be contracted.
- Stocks, bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body in the Commonwealth upon which there is no default; provided, that if the principal and interest be payable from revenues or tolls and the project has not been completed, or if completed, has not established an operating record of net earnings available for payment of principal and interest equal to estimated requirements for that purpose according to the terms of the issue, the standards of judgment and care required in Article 9 (§ 64.2-780 et seq.) of Chapter 7 of Title 64.2, without reference to this section, shall apply.

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

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

within the Commonwealth of Virginia, providing such bank or savings and loan association is a “qualified public depository”. Such savings accounts or time deposits must meet the collateralization requirements as set forth in the Virginia Security for Public Deposits Act and the regulations of the State Treasury Board. The collateral must be a security or securities allowable as a direct investment with a market value of not less than fifty percent of the deposit amount where the depository is a commercial bank and not less than one hundred percent of the deposit amount where the depository is a savings and loan or savings bank. This collateral must be pledged to the Treasury Board and held by the Board in its designated trust depository or another depository approved by the Board §2.2-4400).

- Banker’s acceptances from “prime quality” institutions. Prime quality shall be as determined by one or more nationally recognized rating agencies (§2.2-4504).
- “Prime quality” commercial paper (§2.2-4502). "Prime quality" shall be as rated by at least two (2) of the following: Moody's Investors Service, Inc., within its NCO/Moody's rating of P1, by Standard & Poor's, Inc., within its rating of A-1, at least F1 by Fitch Ratings Inc.
- “High quality” corporate notes (§2.2-4510). High quality shall be defined as a rating of at least AA by Standard and Poor’s, at least Aa by Moody’s, at least AA by Fitch Ratings and a maturity of no more than five (5) years. All investments should be rated by at least two rating agencies.
- The Local Government Investment Pool (LGIP). Investments in this pool are subject to the rules and regulations as set forth by the Virginia Department of the Treasury which manages the pool (§2.2-4602). The CFO shall, on a continual basis, monitor the management and operations of the LGIP.
- The State Non-Arbitrage Pool (SNAP). Investments in this pool are limited to unexpended proceeds from the issuance of bonds, the interest on which is subject to rebate under the provisions of the Tax Reform Act of 1986 (§2.2-4700), and reserve accounts directly related to the issuance of debt or other credit agreement.
- Open-end mutual funds, provided the funds are registered under the Security Act of Virginia (§ 13.1-501 et seq.) or the Federal Investment Act of 1940 and that the investments by such Funds are restricted to the same securities as approved for direct investments (§2.2-4508).

- Negotiable certifications of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks that have received at least two of the following ratings: A-1 by Standard & Poor's, P-1 by Moody's Investor Service, Inc., F1 by Fitch Ratings., for maturities of one year or less, and a rating of at least AA by Standard & Poor's, Aa by Moody's Investor Service, Inc. and AA by Fitch Ratings, for maturities over one year and not exceeding **five years24 months** (\$2.2-4509).
- Non-negotiable certificates of deposit of banks certified as qualified to hold Virginia Public Deposits.

PROHIBITED INVESTMENTS AND TRANSACTIONS:

The following are prohibited investments and Transactions below:

- Securities with Foreign Origin and/or Foreign Currency
- Securities issued outside US regulatory oversight
- Purchase of Asset-backed securities (ABS) and Mortgage-backed securities (MBS)
- Short Selling
- Step-down Securities
- Repurchase Agreements and Reverse Repurchase Agreements

INVESTMENT TRANSACTION PARAMETERS

The investment program shall follow the following investment transaction parameters:

- Obtain at least two offers/bids (when applicable/available), or document market competitiveness via Bloomberg.
- No investment shall be purchased if the yield is less than that of the most recently auctioned issue of the United States Treasury of a similar term
- Forward settlement time limit of not more than 30 days
- No broker will be allowed more than two instances of failed trades.

CALCULATION PARAMETERS

- Percentage allocations are calculated at the time of purchase and are based on book value by asset category and issuer name.
- The security purchase amount and related characteristics are obtained from Bloomberg.
- ~~Allocation of Investment Income --All portfolio earnings, calculated on an accrual basis, are credited to the regional revenue fund.~~

ALLOCATION OF INVESTMENT INCOME

- ~~Allocation of Investment Income --All portfolio earnings, calculated on an accrual basis, are credited to the Authority's Rregional Rrevenue Ffund, with the exception of the operating budget, which is allocated to the~~

[Authority's General Fund.](#)

BUSINESS CONTINUITY

The CFO has developed a Business Continuity Plan (Plan) describing the Authority's anticipated response to a range of events that could significantly disrupt its business. Because the timing and impact of disasters, emergencies and other events is unpredictable, flexibility is necessary when responding to actual disruptions as they occur. With that in mind, the goal of the Plan is to prevent lapses in operations or resume operations as quickly and smoothly as possible.

The Plan for responding to a significant business disruption addresses safeguarding of employees' lives and the Authority's property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all of the Authority's books and records, and allowing the continued ability to manage the investment program and transact business

DIVERSIFICATION & MATURITIES

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

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

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

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

<u>Class</u>	<u>Length</u>	<u>Percent of total portfolio & cash</u>
Stocks, bonds, notes and other evidence evidence of indebtedness of the Commonwealth of Virginia	60 months or less	30%
Stocks, bonds, notes and other evidence evidence of indebtedness of the United States	60 months or less	100%
Stocks, bonds, notes and other evidence evidence of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth of Virginia	60 months or less	30%
Legally authorized stocks, bonds, notes and other evidence evidence of indebtedness of any city, county, town or district situated in any one of the states of the United States.	60 months or less	30%
Savings accounts, Money Market Accounts or time deposits (CDs) in any bank or savings and loan association within the Commonwealth of Virginia	24 months or less	60%
Banker's Acceptances	12 months or less	10%
Prime Quality Commercial Paper	270 days or less	35% with a 5% per issuer limit
High Quality Corporate Notes	48 months or less	50%
The Local Government Investment Pool (LGIP)	N/A	100%
Open End Mutual Funds	N/A	Maximum 20% in any one fund. Prior 3 year history must exceed internal performance by 25bps, net of mgmt. fee

<u>Class</u>	<u>Length</u>	<u>Percent of total portfolio & cash</u>
The State Non-Arbitrage Pool (SNAP)	N/A	100% of bond proceeds or debt related reserve account
Negotiable certificates of deposit (YCD) and negotiable bank deposit notes	24 months or less	25%
External Management Contract	3 years or less	25% of net balance of pooled investments, using lowest portfolio amount as target point. Prior 3 year history must exceed internal performance by 25bps, net of mgmt. fee
Bonds and other obligations issued, guaranteed or assumed by the International Bank of Reconstruction and Development, the Asian Development Bank, or by the African Development Bank. (§2.2-4501)	60 months or less	50%

DELIVERY REQUIREMENTS

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

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

The Authority must designate one or more institutions to act as custodian for all

non-depository investments. Such institutions must be qualified to do business in the State of Virginia as banks or trust companies. Delivery to the designated trustee, in lieu of physical possession, meets these delivery requirements.

INVESTMENT POLICY REVIEW, REVISIONS, AND ADOPTION

The Investment Policy shall be reviewed at least annually by the Investment Program Oversight Committee (or the CFO) to ensure its consistency with the Authority's overall objectives and its compliance with applicable laws and best practices. However, the ~~[designated official]~~CFO may at any time further restrict for investment the types of instruments, issuers, and maturities as may be appropriate from time to time. ~~If approved by the [state legislature, etc.], previously unauthorized investment vehicles and procedures may be utilized by the Authority. The Investment Policy revisions shall be submitted to Authority for consideration by the Finance Committee/IPOC and adoption at a public meeting.~~

REPORTS OF INVESTMENT ACTIVITY

REPORTS TO THE FINANCE COMMITTEE

The CFO shall report to the Finance Committee on a regular basis, as determined by the Committee, such information as the Committee requires in order to fulfill its function. At its discretion the Committee may require additional information or clarification from the CFO either orally or in writing.

The reports to the Finance Committee shall consist of a summary of cash and investments which are the assets of the Authority. This report, [commonly referred to as a Government Accounting Standards Board Statement 40 \(GASB 40\)](#) will list each depository, investment firm or custodian with balances. A listing of all investments, a detailed report of the investments held and [the annual return yield to maturity](#) being realized by each will be provided. A separate report shall be prepared for each calendar month as of the last day of that month.

FINANCIAL STATEMENT BASIS

Financial statement presentation of investments, accrual of interest, amortization of premiums and accretion of discounts shall be according to generally accepted accounting principles as applied to municipalities.

Those principals shall be as determined by the Commonwealth of Virginia Auditor of Public Accounts, the American Institute of Certified Public Accountants and its designated units, the Financial Accounting Standards Board and the Governmental Accounting Standards Board.

Reporting components will include:

- Listing of individual securities held at the end of the reporting period.
- Mark to market valuation on a monthly basis.
- Average weighted yield to maturity of portfolio.
- Listing of investments by maturity date.
- Percentage of the total portfolio which each type of investment represents.

COMPLIANCE WITH THE CODE OF VIRGINIA

This policy seeks to restrict and define investment actions at a more detailed level than presented in the Code of Virginia.

In the absence of any issue or situation not specifically addressed by this policy; any action undertaken by the CFO or his staff will at all times be in compliance with the Code of Virginia.

ATTACHMENTS

GLOSSARY – Attachment 1

Accrual Basis

Basis of accounting under which revenues are recorded when earned and expenditures are recorded as soon as they result in liabilities for benefits received.

Accrued Interest

The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency Security

A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

Amortization

The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

Annual Comprehensive Financial Report (ACFR)

An ACFR is a set of financial statements for a state, municipality or other governmental entity that comply with the accounting requirements established by the Governmental Accounting Standards Board (GASB). It must be audited by an independent auditor using generally accepted government auditing standards. The ACFR consists of three sections: introductory, Financial and Statistical. The Introductory section orients and guides the reader through the report; the financial section presents the entity's basic financial statements as well as notes to the statements and the independent auditors' report; and, the statistical section provides additional financial and statistical data, including data about financial trends that may better inform the reader about the government's activities.

Arbitrage

A technique employed to take advantage of price differences in separate markets. This may be accomplished by purchasing a security in one market and immediately selling in another market at a better price. As used in the context of investing public funds, arbitrage means borrowing at low tax-exempt rates and investing in taxable instruments. The arbitrage rebate provisions of the 1986 tax reform act govern this type of

activity.

Asked

The price at which securities are offered.

Average Life

The average length of time that issues of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Banker's Acceptance (BA)

Negotiable time drafts drawn on commercial banks to finance import, export, shipment and storage of goods. Banker's acceptances are backed by the credit of the bank, which assumes primary liability. The acceptance is further collateralized by the goods in shipment or storage. Possession of a banker's acceptance requires taking delivery of a physical instrument.

Benchmark

A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments. BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

Basis Point (bps)

A basis point refers to the measure of the yield to maturity of an investments calculated to four decimal places. For example, one quarter of one percent would be expressed as "twenty-five basis points".

Bid

The indicated price at which a buyer is willing to purchase a security or commodity.

Book Value

The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security's current value in the market.

Bond

A written, interest bearing certificate of debt with a promise to pay on a specific date and with a set annual rate of interest.

Broker

A person or firm acting as an agent for buyers and sellers.

Callable Bond

A bond issue in which all or part of its outstanding principal amount may

be redeemed before maturity by the issuer under specified conditions.

Call Price

The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

Call Risk

The risk to a bondholder that a bond may be redeemed prior to maturity.

Capital Reserve Fund

That portion of the County's investment portfolio which the Treasurer may designate for longer term investment. These funds are not currently required to meet the County's working capital needs and can be invested on a longer term basis.

Cash Equivalents

Instruments or investments of such high liquidity and safety that they are virtually as good as cash. Examples are a money market fund and a treasury bill.

Cash Sale/Purchase

A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

Certificate of Deposit (CD)

A bank deposit evidenced by a negotiable or non-negotiable instrument which provides on its face that the amount of such deposit is payable to the bearer or a specified person on a certain date or upon notice in writing. Negotiable CD's may be sold on the secondary market, thus providing liquidity. Liquidation of non-negotiable CD's generally involves penalties.

Collateralization

Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

Collusion

Collusion is a situation where two or more individuals are working in conjunction to commit fraud.

Commercial Paper (CP)

Business promissory notes, with a stated date of payment, which are usually sold at a discount and are backed by the general credit of the company. The credit of commercial paper may be enhanced by letters of credit from one or more banks. Commercial paper is generally for terms

of less than 270 ~~days~~, days; longer corporate obligations are referred to a notes or bonds and are subject to a greater degree of regulation.

Compensating Balance

A minimum level of deposits maintained in one or more non-interest bearing accounts at a bank to defray the costs of banking services.

Coupon Rate

The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the “interest rate.”

Credit Quality

The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer’s ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit Risk

The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Current Yield (Current Return)

A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

Custodial Safekeeping

Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.

Dealer

A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Debenture

A bond secured only by the general credit of the issuer.

Demand Deposit

A depository account from which withdrawals may be made as desired, e.g. a checking account.

Derivative Security

Financial instrument created from, or whose value depends upon, one or

more underlying assets or indexes of asset values.

Discount

The amount or percentage at which a security sells below par value. For example, if a bond with a \$1,000 par value sells for \$900 the discount is \$100 or 10%.

Diversification

Dividing investment funds among a variety of securities offering independent returns.

Don't know (D.K.)

"Don't know". If the delivery of a security fails because the trustee was not informed to take delivery or because the security is delivered for a different amount than agreed upon, the trade is "DK'ed", meaning refused.

Depository Trust Company (DTC)D.T.C.

The Depository Trust Company (DTC) of New York acts as the repository for all securities which are electronic, as opposed to physical, delivery. These include all U.S. Treasury and agency issues and certain issues of commercial paper.

Delivery Verses Payment (DVP)D.V.P.

~~Delivery Verses Payment.~~ Delivering securities "DVP" means that funds are not released by the trustee until the security is delivered either in physical form or through DTC.

Duration

A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

Fair Value

The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Federal Deposit Insurance Corporation (FDIC)FDIC

A federal agency that insures bank deposits, currently up to \$250,000 per deposit. ~~Federal Deposit Insurance Corporation~~

Federal Home Loan Banks (FHLB):

Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member

commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

Federal National Mortgage Association (FNMA)

FNMA, like Government National Mortgage Association (GNMA) was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Open Market Committee (FOMC):

Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

Federal Funds (Fed Funds)

Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

Federal Funds Rate

Interest rate charged by one institution lending federal funds to the other.

Federal Reserve System

System established by the Federal Reserve Act of 1913 to regulate the U.S. monetary and banking system. The Federal Reserve System (the Fed) is comprised of 12 regional Federal Reserve Banks, their 24 branches, and all national and state banks that are part of the system. National banks are stockholders of the Federal Reserve Bank in their regions. The Fed's main functions are to regulate the national money supply, set reserve requirements for member banks, supervise the printing of currency at the mint, act as clearinghouse for the transfer of funds throughout the banking

system and examine member banks to make sure they meet various Federal Reserve regulations.

FINRA

Financial Industry Regulatory Authority is the largest non-governmental regulator for all securities firms doing business with the United States public.

Fiscal Year

A twelve-month period of time to which the annual budget applies and at the end of which a governmental unit determines its financial position and the results of its operation.

Governmental Accounting Standards Board (GASB)

A nationally recognized board consisting of five members, appointed by and operating under the Financial Accounting Foundation. The GASB is the highest source of reporting and accounting guidance for state and local governments.

Government National Mortgage Association (GNMA or Ginnie Mae):

Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term “pass-throughs” is often used to describe Ginnie Maes.

Government Securities

An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market.

Interest Rate

See Coupon Rate.

Interest Rate Risk

The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value.

Internal Controls

Internal controls are procedures designed to protect the assets of the entity from loss, theft, or misuse.

Inverted Yield Curve

A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

Investment

The use of capital to create more money, either through income producing vehicles or through more risk-oriented ventures designed to result in capital gains. Investment connotes the idea that safety of principal is important. Speculation, on the other hand, is far riskier.

Investment Company Act of 1940

Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy

A concise and clear statement of the objectives and guidelines formulated by an investor or investment manager for a portfolio of investment securities.

Investment-grade Obligations

An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

Jumbo CD

A certificate of deposit of at least one hundred thousand dollars.

Liquidity

A measure of the ability to convert a security into cash with a minimum risk of loss of principal or accrued interest. The easier the ability to convert the more liquid the security.

Local Government Investment Pool (LGIP)

An investment by local governments in which their money is pooled as a method for managing local funds.

Mark-to-market

The process whereby the book value or collateral value of a Security is adjusted to reflect its current market value.

Market Risk

The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value

The price at which a security is trading and could presumably be purchased or sold. Current market price of a security.

Master Repurchase Agreement

A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

Maturity

The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder.

Money Market Mutual Fund

Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Municipal Obligation

A security issued by a state or local government, authority or similar entity. These obligations are generally exempt from federal income tax. Taxable municipal obligations are issued by localities or authorities for non-purpose projects.

Mutual Fund

An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the Securities and Exchange Commission (SEC) disclosure guidelines.

Mutual Fund Statistical Services

Companies that track and rate mutual funds, e.g., IBC/Donoghue, Lipper Analytical Services, and Morningstar.

National Association of Securities Dealers (NASD)

A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

Net Asset Value

The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. $[(\text{Total assets}) - (\text{Liabilities})] / (\text{Number of shares outstanding})$.

No Load Fund

A mutual fund which does not levy a sales charge on the purchase of its shares.

Nominal Yield

The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

Offer

An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

Open Market Operations

Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Opportunity Cost

The highest price or rate of return an alternative course of actions would provide. In securities investments, the cost of forgoing a safe return on an investment in hopes of making a larger profit. For instance, an investor might buy a stock that shows great promise but yields on 4%, even though a higher safe return is available in a money market fund yielding 10%. The 6% yield difference is called the opportunity cost.

Par Value

The value of a security as expressed on its face without any consideration of any premium, discount or accrued interest. Par value is also known as "face amount" or "face value".

Positive Yield Curve

A chart formation that illustrates short-term securities having lower yields than long-term securities.

Premium

The amount by which the price paid for a security exceeds the par value. For example, if a bond with a \$1,000 par value sells for \$1,100 the premium is \$100 or 10%.

Primary Dealer

A securities dealer that buys government securities directly from the Federal Reserve Bank (the Fed) and that has met certain minimum financial criteria set by the Markets Reports Division of the Federal Reserve Bank of New York. The Fed requires primary dealers to maintain a minimum capital adequacy ratio of liquid capital to measured risk that meets or exceeds 125 percent.

Prime Rate

A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

Principal

The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prospectus

A legal document that must be provided to any prospective purchaser of new securities offerings registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

Prudent Person Rule

An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

Qualified Public Depositories

A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

Rate of Return

The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

Repurchase Agreement (“Repo”)

A ~~short term~~short-term investment wherein an investor purchases a security (i.e. a Treasury Bond) in return for the seller’s agreement to buy the security back on a specified date for a specified amount greater than the amount the investor paid. The principal is guaranteed and the return fixed under such an agreement.

Rule 2a-7 of the Investment Company Act

Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

Safekeeping

A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection. Holding of assets (e.g., securities) by a financial institution.

SEASecurities & Exchange Commission

Agency created by Congress to protect investors in securities transactions by administering securities legislation. Securities Exchange Act

SEC Rule 15C3-1

See Uniform Net Capital Rule.

Serial Bond

A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

Sinking Fund

Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

SLY

Safety, Liquidity and Yield

SNAP (State Non-Arbitrage Program)

An investment program established by the State Treasurer, as authorized under Section 2.1-234.9, to assist local bond issuers in the management,

investment and accounting of bond proceeds in compliance with certain provisions of the federal Tax Reform Act of 1986. The purpose of this arrangement is to centralize the administrative and legal requirements of compliance with complex IRS provisions regarding municipal bond Arbitrage.

Structured Notes

Notes issued by Government Sponsored Enterprises (FHLB, FFEB, FNMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

Swap

Trading one asset for another.

Term Bond

Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

Time Deposit

A bank deposit drawing interest at intervals and having a restrictive level of withdrawals, e.g. a savings account.

Total Return

The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return

Treasury Bills

Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Bonds

Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of \$1,000. Currently, the

longest outstanding maturity for such securities is 30 years.

Treasury Notes

Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from \$1,000 to \$1 million or more.

Treasury Obligations

Securities representing obligations backed by the full faith and credit of the United States. Treasury bills are short term obligations (3 and 6 ~~month~~months), treasury notes are medium term obligations (1 to 7 years) and treasury bonds are long term obligations (over 7 years).

Uniform Net Capital Rule

Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

U.S. Agency Securities

Obligations issued by agencies established by the United States but not backed by the full faith and credit of the government. These obligations are regarded as almost as risk free as direct treasury issues as the federal government supervises and regulates the issuers and is regarded as having a moral obligation to ensure repayment.

Volatility

A degree of fluctuation in the price and valuation of securities.

Weighted Average Maturity (WAM)

The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 90 days and no one security may have a maturity that exceeds thirteen months.

When Issued (WI)

A conditional transaction in which an authorized new security has not been issued. All “when issued” transactions are settled when the actual security is issued.

Yield

The current rate of return on an investment security ~~generally~~is generally

expressed as a percentage of the security's current price.

Yield-to-call (YTC)

The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

Yield Curve

A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

Yield-to-maturity

The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

Zero Balance Account

A disbursing account in which no cash is maintained. As checks drawn on the account are presented the funds necessary to pay them are withdrawn from a master account at the same bank. Zero balance accounts are used to control float or provide account separation for specialized purposes.

Zero-coupon Securities

Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security.

Broker/Dealer Investment Policy Confirmation
The Investment Policy for the Northern Virginia Transportation Authority
(Effective October 8, 2020)

Name of Firm/Bank/Broker/Dealer:

I acknowledge that I have received and reviewed the Investment Policy of the Northern Virginia Transportation Authority. I have read and understand the policy and am aware of the Code of Virginia with respect to municipal investment statutes, as referenced within the Investment Policy. Further, I have ensured that other personnel, who may conduct business with the Authority from time to time, are aware of the Policy and its provisions. In my dealings with the Authority, I will, at all times, follow the guidelines as presented in the Investment Policy.

I certify that I am authorized to represent and commit my firm to this acknowledgement.

Printed Name: _____

Signature: _____

Title: _____

Date: _____

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

5.

MEMORANDUM

FOR: Chair David Snyder and Members
Northern Virginia Transportation Authority Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: July 2, 2026

SUBJECT: Close Out the Standard Project Agreement *2018-55-3* Interchange Improvements at Route 15 Leesburg Bypass and Edwards Ferry Road Project in the Town of Leesburg

- 1. Purpose:** To seek the Northern Virginia Transportation Authority (NVTa) Finance Committee approval of staff recommended close out of Standard Project Agreement (SPA) SPA 2018-55-3 Interchange Improvements at Route 15 Leesburg Bypass and Edwards Ferry Road project in Leesburg (referred to as “RT15 Bypass Project”) and repayment by the Town of Leesburg of \$2,924,667 for previously reimbursed expenses. The cancellation is based on a Town of Leesburg request to withdraw the project while the Town works on other transportation projects with a higher current priority.
- 2. Suggested Motion:** *I move the Finance Committee recommend the Northern Virginia Transportation Authority close out SPA 2018-55-3 and take the following actions:*
 - *Waive reimbursement for SPAs 2014-55-1 and 2015-55-2 and all interest on reimbursed funds.*
 - *Collect from the Town of Leesburg, \$2,924,667 in reimbursed expenses for SPA 2018-55-3.*
 - *Reclassify all non-disbursed and reimbursed funds related to the project as uncommitted within the Regional Revenue Fund.*
- 3. Background:**
 - A. Three NVTa Standard Project Agreements (SPAs) are collectively referred to as the Route 15 Bypass Project. In total, NVTa has reimbursed the Town of Leesburg \$4,924,667
 - I. *SPA 2014-55-1, Edwards Ferry Road at the Route 15 Leesburg Bypass Grade Separation* – Total SPA amount: \$1,000,000. Reimbursed to date: \$1,000,000. The SPA is closed out.
 - II. *SPA 2015-55-2, Route 15 Bypass/Edwards Ferry Road Interchange* – Total SPA amount: \$1,000,000. Reimbursed to date: \$1,000,000. The SPA is closed out.
 - III. *SPA 2018-55-3, Interchange Improvements at Route 15 Leesburg Bypass and Edwards Ferry Road* – Total SPA amount: \$5,400,000. Reimbursed to date: \$2,924,667. The SPA is executed.

- B. NVTA staff have been closely following the viability of this project since September of 2024 when NVTA reimbursements were paused due to a VDOT progress report dated May 10, 2024, stating the project is on hold until funding is secured for right of way and construction (ROW/CN).
- C. The Town submitted applications to NVTA's FY2020-25 and the FY2022-27 programs, neither application was funded. The FY2022-27 request for ROW noted low CRRC (Congestion Reduction Relative to Cost) score (based on total project costs) and no clear pathway to secure construction funding of \$185M, as reasons for not recommending funding.
- D. On March 19, 2025, NVTA Project Delivery team received funding gap information from the Town of Leesburg noting the funding gap had increased to \$240,760,420.
- E. On July 31, 2025, staff from Leesburg, Loudoun County, VDOT, and NVTA met to discuss the project. The Town noted that its SMART SCALE and MEGA grant applications were unsuccessful due to the project's high cost.
- F. The Town would like to keep the project but is reprioritizing it among its other projects.
- G. VDOT noted that the project was slated for removal from the Commonwealth's Six-Year Improvement Program (SYIP). VDOT also noted that the project has been underway for 10 years, remains at the 75% plan stage, and has experienced escalating costs.
- H. CEO Monica Backmon met with the Leesburg Town Manager, Loudoun County Administrator, and the VDOT District Administrator on December 11, 2025. No viable path to keep the project moving evolved from that meeting.
- I. NVTA staff met with staff from VDOT, Loudoun County and The Town of Leesburg on March 24, 2026, to discuss options for the project to continue and VDOT presented alternatives from a study done in 2023. It was decided that while this is a regionally significant project, the project would not be able to move forward with the originally approved scope due to the increasing project cost and high funding gap.
- J. No near-term solutions have been identified by the Town or VDOT to resolve the funding gap.
- K. NVTA staff met with Town of Leesburg staff on April 30, 2026, to discuss the process for the Town to voluntarily withdraw the project and repayment of previous NVTA reimbursements.
- L. SPAs 2014-55-1 and 2015-55-2 funded Studies, (NVTA no longer funds studies). As the SPA terms were met for the Studies and the Studies were completed in FY2017 and FY2018, NVTA staff recommend not requiring the Town to repay the \$2M reimbursed for these SPAs and waive interest on all reimbursements.
- M. The Town was advised that with a voluntary project withdrawal, the Town may reapply for funding in a future NVTA Six Year Program with no negative presumption.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**MEMORANDUM**

FOR: Chair David Snyder and Members
Northern Virginia Transportation Authority Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: July 2, 2026

SUBJECT: Finance Team Activities

1. **Purpose:** To update the Northern Virginia Transportation Authority (NVT) Finance Committee (Committee) on activities of the finance team.
2. **Background:** The Finance Committee last met in May 2026. Given the gap in meetings this report is prepared to keep the Committee informed of major financial activities not addressed in other reports.
3. **Significant Activities:**
 - A. **Investment Policy Award** – NVT's Investment Portfolio received national recognition from the Government Investment Officers Association (GIOA). The investment policy submitted for review was found to meet the professional standards and best practices established by GIOA. An application for certification is being made to the Association of Public Treasurer of the United States and Canada.
 - B. **FY2026 Audit Kickoff** – As the Finance Committee also serves as the Audit Committee, members were provided with an overview of the FY2026 audit process including direct contact information for Mr. Garber, including key milestones, timelines, and responsibilities associated with the annual audit engagement.
 - C. **Cybersecurity and Artificial Intelligence (AI) Policies** – The Authority contracts liability and property insurance coverage through the Virginia Risk Sharing Association (VRSA).
 - i. VRSA is a cooperative self-insurance pool sponsored by the Virginia Municipal League.
 - ii. VRSA has established a requirement that participants develop and maintain policies related to cybersecurity and AI.
 - iii. These policies are being developed in conjunction with the Authority's outsourced information technology provider (InfoTech) and will be reviewed and evaluated by VRSA prior to presentation to the Committee.
 - iv. The Authority is considered a high cybersecurity risk, and significant measures have been taken to protect NVT's assets and records.
 - v. Due to the required level of detail, the Cybersecurity Policy must be reviewed in closed session, will have limited staff circulation and will not be a public document.
 - vi. A September 2026 review by the Committee is expected.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chair David Snyder and Members
Northern Virginia Transportation Authority Finance Committee

FROM: Dev Priya Sen, Investment & Debt Manager

DATE: July 2, 2026

SUBJECT: Investment Portfolio Report

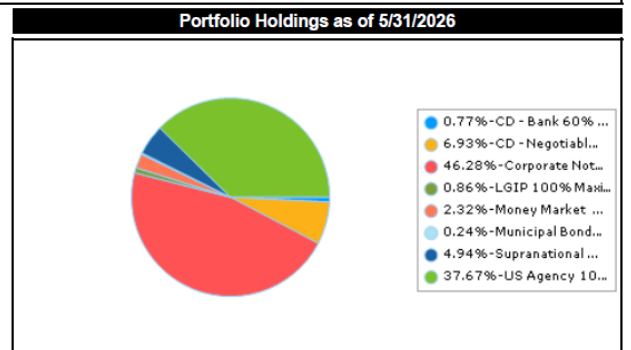
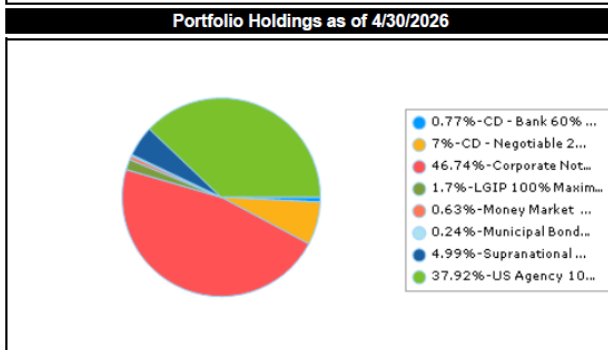
1. **Purpose:** To provide the Northern Virginia Transportation Authority (NVTA) Finance Committee with required reports on investment activities and portfolio performance through May 31, 2026.
2. **Background:** This report reflects investment activity through May 31, 2026, and affirms the portfolio’s investments were acquired based on safety, liquidity, and then yield. This report summarizes the portfolio structure and adherence to the NVTA Investment Policy.
 - A. **Current Period Reports:** The safety of the portfolio is reflected in the actual composition of the portfolio as shown below.



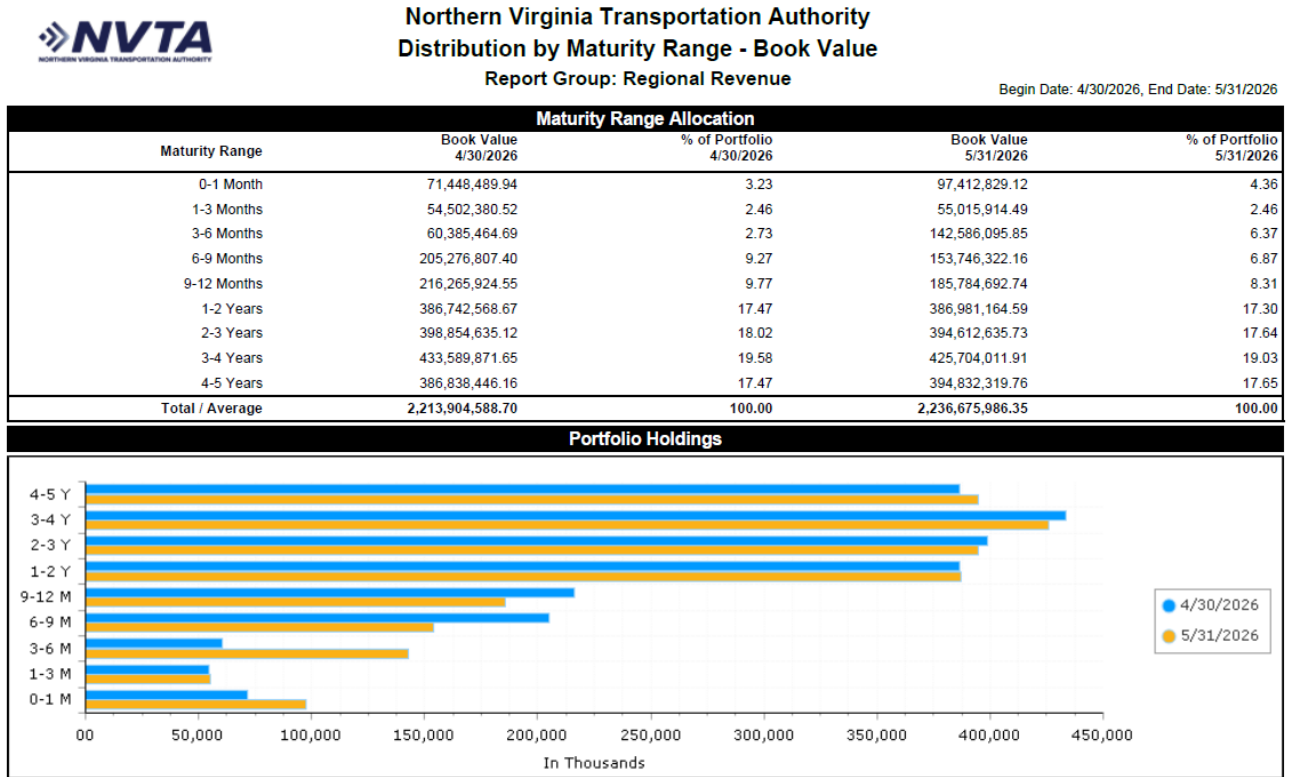
Northern Virginia Transportation Authority
Distribution by Asset Category - Book Value
Report Group: Regional Revenue

Begin Date: 4/30/2026, End Date: 5/31/2026

Asset Category Allocation				
Asset Category	Book Value 4/30/2026	% of Portfolio 4/30/2026	Book Value 5/31/2026	% of Portfolio 5/31/2026
CD - Bank 60% Maximum	17,145,895.36	0.77	17,145,895.36	0.77
CD - Negotiable 25% Maximum	155,000,000.00	7.00	155,000,000.00	6.93
Corporate Notes 50% Maximum	1,034,768,771.42	46.74	1,035,086,134.38	46.28
LGIP 100% Maximum	37,555,615.19	1.70	19,130,850.27	0.86
Money Market 60% Maximum	13,894,033.62	0.63	51,781,872.18	2.32
Municipal Bonds - Virginia 30% Maximum	5,411,837.17	0.24	5,413,691.89	0.24
Supranational 50% Maximum	110,556,992.06	4.99	110,535,208.56	4.94
US Agency 100% Maximum	839,571,443.88	37.92	842,582,333.71	37.67
Total / Average	2,213,904,588.70	100.00	2,236,675,986.35	100.00



B. The liquidity of the portfolio is reflected in the portfolio’s duration as 2.16 (1.0 = 1 year) and the maturity schedule is shown below.



C. The yield on the portfolio at the end of May 31, 2026, was 4.33%. The policy required benchmarks are shown below for yield performance comparison.

NVTA Investment Benchmarks	May-26 Month End
LGIP Extended Maturity Pool	3.91%
ICE BofA 1-3 Year (18-Month Avg)	3.81%
NVTA Performance	4.33%

Source: Bloomberg/NVTA Statements

3. Portfolio Analysis & Statistics Overview:

A. Safety: The portfolio is invested primarily in:

- Local Government Investment Pool (1.70% to 0.88%)
- Collateralized bank money market accounts (1.40% to 3.09%)
- Negotiable CD’s (7.00% to 6.93%)
- AAA/AA rated investment grade corporate bonds (46.74% to 46.28%)

- US Agencies (37.92% to 37.67%)
- VA Municipals (0.24% to 0.24%)
- Supranational (4.99% to 4.94%)

B. Liquidity: The NVTa Portfolio duration is 2.16 on May 31, 2026 (1.0 = 1 year), , indicating moderate interest rate sensitivity.

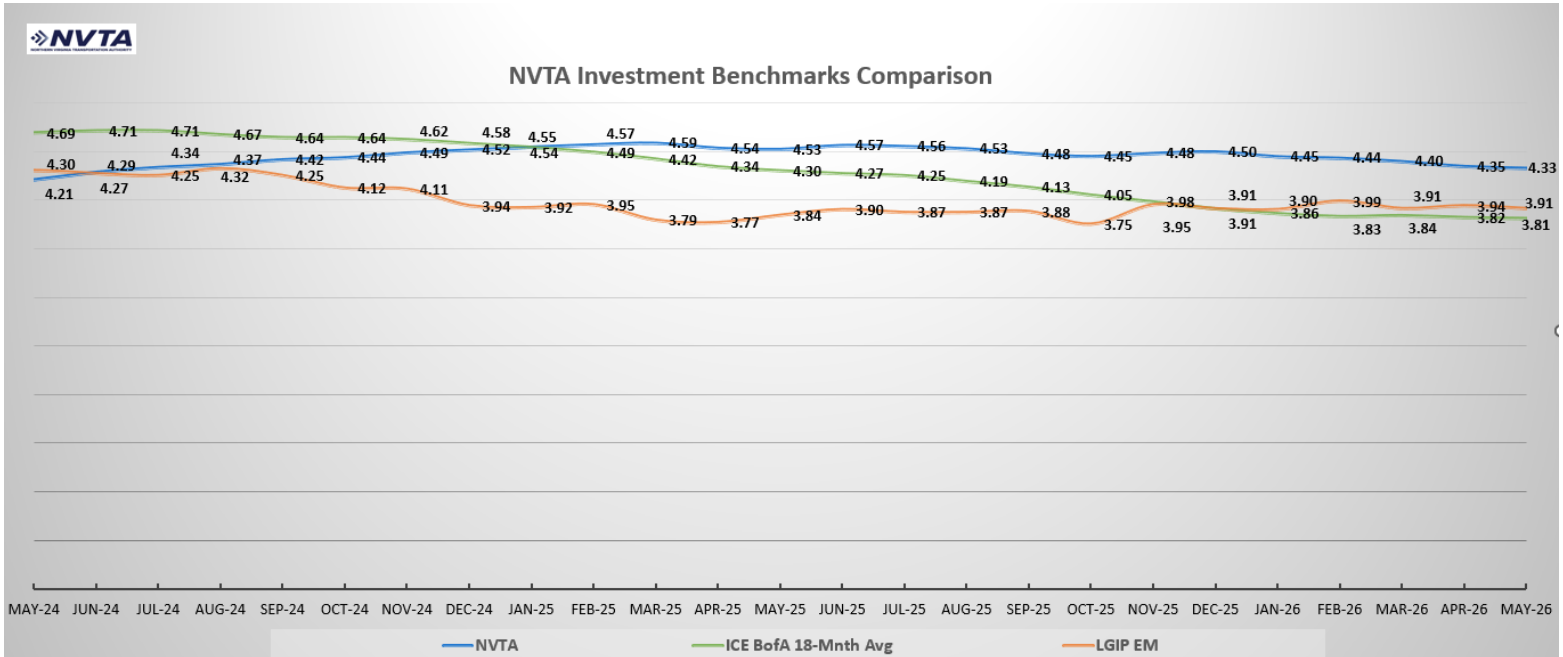
- On June 17, 2026, the Federal Reserve (Fed) held its first policy meeting under Chair Kevin Warsh. At the conclusion of the meeting, the Federal Open Market Committee (FOMC) voted unanimously to maintain the target range for the federal funds rate at 3.50%–3.75%.
- The updated Summary of Economic Projections was more hawkish than expected. Nine policymakers projected at least one rate hike in 2026, while the median "dot plot" showed no rate cuts this year, removing the previously projected easing. Inflation forecasts were revised meaningfully higher, while GDP growth and the unemployment rate were revised modestly lower. Chair Warsh did not submit individual economic projections.
- Chair Warsh repeatedly reaffirmed the Fed's commitment to its 2% inflation target, acknowledging that the Committee has some work to do on the price stability front. He offered limited commentary on employment but noted that labor market conditions remain stable and that incoming data are "moving in a good direction."
- Warsh also announced the formation of five independent task forces focused on: (1) Fed communications, (2) the Federal Reserve's balance sheet, (3) the data sources used by the Fed, (4) productivity and jobs, and (5) the Fed's inflation mandate. Additional details regarding the scope and timeline of these task forces were not provided.

C. Yield: Staff continue to ladder monthly maturities in the range of \$80–\$100 million in securities, while managing approximately \$20 million in monthly positive cash flow, guided by the following strategies:

- Staff continue to selectively invest in two- to three-year maturities, maintaining portfolio duration within three years to help manage interest rate volatility and inflation risk. This approach also addresses maturity gaps across the yield curve while preserving portfolio yield.
- Based on Staff's review of major financial institutions' outlooks, most banks do not expect the Federal Reserve's next policy move in 2026 to be a rate cut. Instead, market expectations are centered on whether the Fed will maintain current rates or implement an additional rate hike, with policy easing generally not anticipated until 2027.
- In light of elevated economic uncertainty, Staff are evaluating a barbell investment strategy that combines short- and long-duration securities. Short-duration investments capture attractive front-end yields while providing flexibility if rates start to rise under new Fed's strategy. Long-duration investments offer the potential for price appreciation should

economic growth slow, inflation moderate, or markets begin pricing future rate cuts.

- Staff continue to capitalize on market volatility by purchasing securities opportunistically when bond prices decline and yields increase. Given fluctuations driven by economic uncertainty and energy prices, reinvestments are executed strategically to lock in higher yields while maintaining the portfolio's Safety, Liquidity, and Yield (SLY) objectives.
- As of May 31, 2026, the NVTA portfolio outperformed the ICE BofA 18-Month Average Index by 52 basis points and the LGIP Extended Maturity Pool by 42 basis points, demonstrating strong relative performance despite a volatile interest rate environment.
- Staff continuously monitor Federal Reserve policy, market conditions, and key economic indicators to make informed investment decisions and position the portfolio to capitalize on evolving market opportunities.



4. Custodian Certification: Truist Bank is the custodian of all NVTA’s investment purchases and is where all NVTA’s non-deposit investments are held. Deposit type investments are protected through the Commonwealth of Virginia collateralization program or FDIC Insurance.

5. Policy Required Reports: The attached Compliance - GASB 40 Report addresses specific Investment Policy requirements regarding the purchase and holding of securities. This report is fundamental for the Authority’s Annual Financial Statements and annual audit. The attached report documents:

- **Compliance – Investment Policy, Summary:** The report shows the percentage of the portfolio by each type of investment.

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

Attachment : Compliance - GASB 40 Report



Portfolio Holdings Compliance - GASB 40 - As of 5/31/2026

Description	CUSIP/Ticker	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Days To Cal/Maturity	Maturity Date	Next Call Date	YTM @ Cost	Duration To Maturity
CD - Bank 60% Maximum													
John Marshall Bank 4.29 1/15/2027	JMBCD011624	10,000,000.00	10,000,000.00	10,000,000.00	None	None	0.45	229	229	1/15/2027		4.290	0.63
John Marshall Bank 4.7 4/19/2027	JMBCD041924	7,145,895.36	7,145,895.36	7,145,895.36	None	None	0.32	323	323	4/19/2027		4.700	0.88
Sub Total / Average CD - Bank 60% Maximum		17,145,895.36	17,145,895.36	17,145,895.36			0.77	268	268			4.461	0.73
CD - Negotiable 25% Maximum													
Credit Agricote 3.79 11/9/2026	22536J5H4	22,000,000.00	22,000,000.00	21,983,060.00	S&P-A1	Moody's-P1	0.98	162	162	11/9/2026		3.790	0.45
Credit Agricote 4.38 7/8/2026	22536JXS9	8,000,000.00	8,000,000.00	8,005,120.00	S&P-A1	Moody's-P1	0.36	38	38	7/8/2026		4.380	0.11
Credit Agricote 4.92 6/22/2026	22536HHY8	25,000,000.00	25,000,000.00	25,000,000.00	Moody's-P1	S&P-A1	1.12	22	22	6/22/2026		4.920	0.06
DZ Bank NY 3.9 2/9/2027	23344JDH5	41,000,000.00	41,000,000.00	41,016,400.00	Fitch-AA-	Moody's-Aa2	1.83	254	254	2/9/2027		3.900	0.71
DZ Bank NY 4.22 5/12/2027	23344JDK8	27,000,000.00	27,000,000.00	27,020,790.00	Fitch-AA-	Moody's-Aa2	1.21	346	346	5/12/2027		4.220	0.96
Natixis NY 3.75 11/19/2026	63873TKY3	32,000,000.00	32,000,000.00	31,964,800.00	S&P-A1	Moody's-P1	1.43	172	172	11/19/2026		3.750	0.48
Sub Total / Average CD - Negotiable 25% Maximum		155,000,000.00	155,000,000.00	154,990,170.00			6.92	191	191			4.098	0.53
Corporate Notes 50% Maximum													
Amazon.com, Inc. 3.15 8/22/2027-27	023135BC9	30,000,000.00	29,620,177.60	29,702,400.00	S&P-AA	Fitch-AA-	1.34	448	356	8/22/2027	5/22/2027	4.260	1.20
Amazon.com, Inc. 4.55 12/1/2027-27	023135CP9	26,000,000.00	25,977,967.71	26,198,900.00	S&P-AA	Fitch-AA-	1.16	549	519	12/1/2027	11/1/2027	4.610	1.43
Amazon.com, Inc. 4.55 12/1/2027-27	023135CP9	20,000,000.00	19,988,550.92	20,153,000.00	S&P-AA	Fitch-AA-	0.89	549	519	12/1/2027	11/1/2027	4.590	1.43
Apple 1.2 2/8/2028-27	037833EC0	22,500,000.00	21,354,910.20	21,458,925.00	S&P-AA+	Moody's-Aaa	1.00	618	556	2/8/2028	12/8/2027	4.520	1.67
BlackRock Funding 3.2 3/15/2027-27	09247XAN1	15,000,000.00	14,854,076.51	14,909,850.00	S&P-AA-	Moody's-Aa3	0.67	288	260	3/15/2027	2/15/2027	4.520	0.78
BlackRock Funding 4.6 7/26/2027-27	09290DAH4	15,000,000.00	15,015,778.85	15,097,050.00	S&P-AA-	Moody's-Aa3	0.67	421	391	7/26/2027	6/26/2027	4.502	1.12
Guardian Life 1.25 11/19/2027	40139LBA0	12,365,000.00	11,913,680.62	11,837,756.40	S&P-AA+	Moody's-Aa1	0.55	537	537	11/19/2027		3.860	1.46
Guardian Life 3.246 3/29/2027	40139LBF9	11,000,000.00	10,887,638.74	10,919,260.00	S&P-AA+	Moody's-Aa1	0.49	302	302	3/29/2027		4.585	0.82
Guardian Life 3.246 3/29/2027	40139LBF9	25,000,000.00	24,720,716.76	24,816,500.00	S&P-AA+	Moody's-Aa1	1.12	302	302	3/29/2027		4.710	0.82
Guardian Life 4.066 9/5/2028	40139LBM4	20,000,000.00	20,027,922.34	19,843,200.00	S&P-AA+	Moody's-Aa1	0.89	828	828	9/5/2028		4.000	2.16
Guardian Life 4.066 9/5/2028	40139LBM4	10,000,000.00	10,060,677.86	9,921,600.00	S&P-AA+	Moody's-Aa1	0.45	828	828	9/5/2028		3.779	2.16
Guardian Life 4.179 9/26/2029	40139LBJ1	10,893,000.00	10,925,463.79	10,782,762.84	S&P-AA+	Moody's-Aa1	0.49	1,214	1,214	9/26/2029		4.080	3.11
Guardian Life 4.798 4/28/2030	40139LBK8	10,000,000.00	10,150,361.71	10,063,000.00	S&P-AA+	Moody's-Aa1	0.45	1,428	1,428	4/28/2030		4.374	3.60
Hanwha Q Cells 5 7/27/2028	41136TAA5	11,580,000.00	11,628,261.32	11,724,981.60	S&P-AA	Moody's-Aa2	0.52	788	788	7/27/2028		4.785	2.04
JP Morgan Chase Bank 4 3/6/2030-28	46632FX75	40,000,000.00	40,000,000.00	39,317,200.00	S&P-AA-	Moody's-Aa2	1.79	1,375	645	3/6/2030	3/6/2028	4.000	3.49
JP Morgan Chase Bank 4.25 12/14/2029-26	46632FWZ4	28,000,000.00	28,000,000.00	27,591,760.00	S&P-AA-	Moody's-Aa2	1.25	1,293	198	12/14/2029	12/15/2026	4.250	3.25
Mass Mutual Global Funding 4.85 1/17/2029	57629W5B2	10,000,000.00	10,007,065.61	10,088,100.00	S&P-AA+	Moody's-Aa3	0.45	962	962	1/17/2029		4.820	2.46
Mass Mutual Global Funding 4.85 1/17/2029	57629W5B2	34,600,000.00	35,120,069.14	34,904,826.00	S&P-AA+	Moody's-Aa3	1.54	962	962	1/17/2029		4.235	2.46
Mass Mutual Global Funding 4.95 1/10/2030	57629TBV8	14,000,000.00	14,251,003.08	14,121,800.00	S&P-AA+	Moody's-Aa3	0.63	1,320	1,320	1/10/2030		4.404	3.29
Mass Mutual Global Funding 5.05 12/7/2027	57629WDL1	10,000,000.00	14,096,332.43	14,183,260.00	S&P-AA+	Moody's-Aa3	0.63	555	555	12/7/2027		4.550	1.44
Mass Mutual Global Funding 5.1 4/9/2027	57629W4S6	15,000,000.00	15,053,170.64	15,126,750.00	S&P-AA+	Moody's-Aa3	0.67	313	313	4/9/2027		4.652	0.84
Met Tower Global Funding 4 10/1/2027	58989V2J2	31,100,000.00	30,943,895.77	30,958,806.00	S&P-AA-	Moody's-Aa3	1.39	488	488	10/1/2027		4.401	1.30
MetLife 2.95 4/9/2030	59217GEG0	12,000,000.00	11,426,437.61	11,287,440.00	S&P-AA-	Moody's-Aa3	0.54	1,409	1,409	4/9/2030		4.311	3.65
MetLife 3.45 12/18/2026	59217GBY4	14,899,000.00	14,737,599.81	14,848,045.42	S&P-AA-	Moody's-Aa3	0.67	201	201	12/18/2026		5.620	0.54
MetLife 3.45 12/18/2026	59217GBY4	14,088,000.00	13,996,228.89	14,039,819.04	S&P-AA-	Moody's-Aa3	0.63	201	201	12/18/2026		4.730	0.54
MetLife 4.4 6/30/2027	59217GF80	15,000,000.00	14,920,079.25	15,034,800.00	S&P-AA-	Moody's-Aa3	0.67	395	395	6/30/2027		4.942	1.05
MetLife 4.85 1/16/2027	58989V2G8	25,000,000.00	25,012,977.06	25,099,750.00	S&P-AA-	Moody's-Aa3	1.12	230	230	1/16/2027		4.760	0.61
MetLife 5.05 1/6/2028	592179KF1	7,100,000.00	7,168,595.68	7,166,669.00	S&P-AA-	Moody's-Aa3	0.32	585	585	1/6/2028		4.400	1.53
MetLife 5.4 9/12/2028	59217GFQ7	10,000,000.00	10,215,205.11	10,215,400.00	S&P-AA-	Moody's-Aa3	0.45	835	835	9/12/2028		4.375	2.15
MetLife 5.4 9/12/2028	59217GFQ7	6,000,000.00	6,180,172.31	6,129,240.00	S&P-AA-	Moody's-Aa3	0.27	835	835	9/12/2028		3.995	2.15
Morgan Stanley 5.882 10/30/2026-26	61690U7W4	15,000,000.00	15,064,665.14	15,098,100.00	Fitch-AA-	Moody's-Aa3	0.67	152	122	10/30/2026	9/30/2026	4.759	0.42
Morgan Stanley 5.882 10/30/2026-26	61690U7W4	20,000,000.00	20,083,549.09	20,130,800.00	Fitch-AA-	Moody's-Aa3	0.89	152	122	10/30/2026	9/30/2026	4.793	0.42
Nestle Holdings 1.15 1/14/2027-26	641062AV6	8,000,000.00	7,839,532.15	7,861,120.00	Moody's-Aa3	S&P-AA-	0.36	228	197	1/14/2027	12/14/2026	4.590	0.62
New York Life 3.25 4/7/2027	64952WEO2	15,000,000.00	14,880,972.59	14,897,850.00	S&P-AA+	Moody's-Aa1	0.67	311	311	4/7/2027		4.231	0.84
New York Life 4.7 1/29/2029	64952WFF5	21,000,000.00	20,939,504.81	21,130,410.00	S&P-AA+	Moody's-Aa1	0.94	974	974	1/29/2029		4.820	2.49
New York Life 4.9 4/2/2027	64953BBM9	20,000,000.00	20,000,000.00	20,129,400.00	S&P-AA+	Moody's-Aa1	0.89	306	306	4/2/2027		4.900	0.82
New York Life 5.45 9/18/2026	64953BBF4	11,000,000.00	11,001,019.41	11,046,530.00	S&P-AA+	Moody's-Aa1	0.49	110	110	9/18/2026		5.416	0.30
New York Life 5.45 9/18/2026	64953BBF4	12,500,000.00	12,517,273.44	12,552,875.00	S&P-AA+	Moody's-Aa1	0.56	110	110	9/18/2026		4.950	0.30
New York Life 4.05 2/2/2029	64952WFS7	25,000,000.00	24,892,818.02	24,735,750.00	S&P-AA+	Moody's-Aa1	1.12	978	978	2/2/2029		4.220	2.52
Northwestern Mutual Global 1.7 6/1/2028	66815L2D0	15,700,000.00	15,090,371.64	14,901,812.00	S&P-AA+	Moody's-Aa1	0.70	732	732	6/1/2028		3.752	1.96
Northwestern Mutual Global 1.75 1/11/2027	66815L2F5	25,000,000.00	24,576,068.38	24,643,500.00	S&P-AA+	Moody's-Aa1	1.12	225	225	1/11/2027		4.726	0.61
Northwestern Mutual Global 4.11 9/12/2027	66815L2T5	5,650,000.00	5,622,899.03	5,634,575.50	S&P-AA+	Moody's-Aa1	0.25	469	469	9/12/2027		4.510	1.25
Northwestern Mutual Global 4.35 9/15/2027	66815L2K4	9,354,000.00	9,335,809.50	9,357,273.90	S&P-AA+	Moody's-Aa1	0.42	472	472	9/15/2027		4.510	1.26
Northwestern Mutual Global 4.35 9/15/2027	66815L2K4	15,000,000.00	14,974,665.38	15,005,250.00	S&P-AA+	Moody's-Aa1	0.67	472	472	9/15/2027		4.488	1.26
Northwestern Mutual Global 5.07 3/25/2027	66815L2R9	21,000,000.00	21,010,641.62	21,167,580.00	S&P-AA+	Moody's-Aa1	0.94	298	298	3/25/2027		5.000	0.80
Northwestern Mutual Global 5.07 3/25/2027	66815L2R9	15,000,000.00	15,056,708.27	15,119,700.00	S&P-AA+	Moody's-Aa1	0.67	298	298	3/25/2027		4.570	0.80

Description	CUSIP/Ticker	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Days To Call/Maturity	Maturity Date	Next Call Date	YTM @ Cost	Duration To Maturity
Nuveen 4 11/1/2028-28	67080LAA3	20,000,000.00	19,862,363.92	19,811,800.00	S&P-AA	Moody's-Aa2	0.89	885	793	11/1/2028	8/1/2028	4.309	2.32
Pacific Life 4.45 5/1/2028	69448TAC5	10,525,000.00	10,525,000.00	10,590,745.77	S&P-AA	Moody's-Aa3	0.47	701	701	5/1/2028		4.100	1.85
Pacific Life 5.5 7/18/2028	6944PL2U2	25,000,000.00	25,514,656.66	25,520,750.00	S&P-AA	Moody's-Aa3	1.12	779	779	7/18/2028		4.450	2.00
Pacific Life 5.5 8/28/2026	6944PL2W8	17,000,000.00	16,998,429.36	17,060,010.00	S&P-AA	Moody's-Aa3	0.76	89	89	8/28/2026		5.539	0.25
PEFCO4.5 2/7/2027	74274TAL4	5,000,000.00	5,013,357.16	5,011,950.00	Fitch-AA	Moody's-Aa1	0.22	252	252	2/7/2027		4.090	0.67
Pricoa Global Funding 4.4 8/27/2027	74153WCU1	15,000,000.00	15,008,474.49	15,026,550.00	S&P-AA	Moody's-Aa3	0.67	453	453	8/27/2027		4.350	1.21
Pricoa Global Funding 5.55 8/28/2026	74153WCT4	10,000,000.00	10,018,054.03	10,031,700.00	S&P-AA	Moody's-Aa3	0.45	89	89	8/28/2026		4.747	0.25
Protective Global Life 1.303 9/20/2026	74368CBH6	10,000,000.00	9,874,522.24	9,913,400.00	S&P-AA	Fitch-AA-	0.45	112	112	9/20/2026		5.800	0.30
Protective Global Life 4.714 7/6/2027	74368CBP8	7,655,000.00	7,557,736.57	7,674,520.25	S&P-AA	Fitch-AA-	0.34	401	401	7/6/2027		6.019	1.06
Protective Global Life 4.714 7/6/2027	74368CBP8	6,000,000.00	5,923,764.78	6,015,300.00	S&P-AA	Fitch-AA-	0.27	401	401	7/6/2027		6.019	1.06
Protective Global Life 4.714 7/6/2027	74368CBP8	14,000,000.00	14,012,659.11	14,035,700.00	S&P-AA	Fitch-AA-	0.63	401	401	7/6/2027		4.624	1.06
Protective Global Life 5.467 12/8/2028	74368CBV5	5,170,000.00	5,355,422.74	5,273,348.30	S&P-AA	Fitch-AA-	0.25	922	922	12/8/2028		3.940	2.33
Roche Holdings 2.314 3/10/2027	771196BV3	15,440,000.00	15,174,872.25	15,240,360.80	S&P-AA	Moody's-Aa2	0.69	283	283	3/10/2027		4.716	0.77
Roche Holdings 2.375 1/28/2027-26	771196BL5	11,725,000.00	11,570,558.71	11,602,825.50	S&P-AA	Moody's-Aa2	0.52	242	150	1/28/2027	10/28/2026	4.524	0.65
Roche Holdings 5.265 11/13/2026-26	771196CE0	10,000,000.00	10,014,571.11	10,046,800.00	S&P-AA	Moody's-Aa2	0.45	166	135	11/13/2026	10/13/2026	4.916	0.45
Roche Holdings 5.265 11/13/2026-26	771196CE0	10,000,000.00	10,030,495.42	10,046,800.00	S&P-AA	Moody's-Aa2	0.45	166	135	11/13/2026	10/13/2026	4.540	0.45
USAA Capital Corp 4.375 6/11/2028-28	90327QDA4	12,000,000.00	12,026,238.97	11,996,280.00	S&P-AA	Moody's-Aa2	0.54	732	701	6/1/2028	5/1/2028	4.257	1.90
Walmart 3.95 9/9/2027-27	931142EX7	17,500,000.00	17,397,695.30	17,493,000.00	S&P-AA	Moody's-Aa2	0.78	466	457	9/9/2027	8/31/2027	4.450	1.24
Wells Fargo Bank 4.3 4/22/2030-28	95004HBR8	32,000,000.00	32,000,000.00	31,843,520.00	Fitch-AA-	Moody's-Aa2	1.43	1,422	692	4/22/2030	4/22/2028	4.300	3.61
Sub Total / Average Corporate Notes 50% Maximum		1,038,344,000.00	1,035,086,134.38	1,035,123,834.80			46.36	604	512			4.539	1.57
LGIP 100% Maximum													
Commonwealth of Virginia LGIP	LGIP0549	19,130,850.27	19,130,850.27	19,130,850.27	S&P-AAA	NR	0.85	1	1	N/A	N/A	3.803	0.00
Sub Total / Average LGIP 100% Maximum		19,130,850.27	19,130,850.27	19,130,850.27			0.85	1	1			3.803	0.00
Money Market60% Maximum													
Freedom Bank ICS MM	MM2554	5,837,540.50	5,837,540.50	5,837,540.50	NR	NR	0.26	1	1	N/A	N/A	3.700	0.00
Truist MM	MM1006	41,987,878.66	41,987,878.66	41,987,878.66	NR	NR	1.87	1	1	N/A	N/A	3.491	0.00
United Bank MM	MM3272	3,956,453.02	3,956,453.02	3,956,453.02	NR	NR	0.18	1	1	N/A	N/A	3.710	0.00
Sub Total / Average Money Market60% Maximum		51,781,872.18	51,781,872.18	51,781,872.18			2.31	1	1			3.531	0.00
Municipal Bonds - Virginia 30% Maximum													
Loudoun County Economic Development 3.75 6/1/2026	54589SDQ4	1,500,000.00	1,500,106.67	1,500,000.00	Fitch-AA+	Moody's-Aa1	0.07	1	1	6/1/2026		1.080	0.00
VA St Resources Authority 2.45 11/1/2027	92818NHN1	4,000,000.00	3,913,585.22	3,916,080.00	S&P-AAA	Moody's-Aaa	0.18	519	519	11/1/2027		4.131	1.40
Sub Total / Average Municipal Bonds - Virginia 30% Maximum		5,500,000.00	5,413,691.89	5,416,080.00			0.25	378	378			3.299	1.02
Supranational 50% Maximum													
African Development Bank 4.125 5/13/2030-27	00828EFG9	15,110,000.00	15,012,069.01	15,073,433.80	S&P-AAA	Moody's-Aaa	0.67	1,443	347	5/13/2030	5/13/2027	4.310	3.72
African Development Bank 4.125 7/30/2030-27	00828EFL8	18,000,000.00	18,000,000.00	17,980,200.00	S&P-AAA	Moody's-Aaa	0.80	1,521	425	7/30/2030	7/30/2027	4.125	3.79
African Development Bank 4.3 6/27/2030-27	00828EFK0	29,000,000.00	29,000,000.00	28,875,010.00	S&P-AAA	Moody's-Aaa	1.29	1,488	392	6/27/2030	6/27/2027	4.300	3.68
African Development Bank 4.5 7/12/2029-28	00828EFC8	13,900,000.00	13,996,589.75	13,902,363.00	S&P-AAA	Moody's-Aaa	0.62	1,138	773	7/12/2029	7/12/2028	4.249	2.86
African Development Bank 4.75 4/25/2028	00828EFB0	20,100,000.00	20,385,714.37	20,339,592.00	S&P-AAA	Moody's-Aaa	0.90	695	695	4/25/2028		3.950	1.83
African Development Bank 4.75 4/25/2028	00828EFB0	13,950,000.00	14,140,835.43	14,116,284.00	S&P-AAA	Moody's-Aaa	0.62	695	695	4/25/2028		3.980	1.83
Sub Total / Average Supranational 50% Maximum		110,060,000.00	110,535,208.56	110,286,882.80			4.91	1,198	533			4.162	3.03
US Agency100% Maximum													
FFCB 3.875 10/23/2029	3133ERYH8	20,125,000.00	20,042,086.96	19,985,936.25	S&P-AA+	Moody's-Aa1	0.90	1,241	1,241	10/23/2029		4.010	3.20
FFCB 4.5 9/22/2028	3133EPWK7	10,000,000.00	9,908,495.89	10,099,700.00	S&P-AA+	Moody's-Aa1	0.45	845	845	9/22/2028		4.950	2.20
FFCB 4.75 7/8/2026	3133EPVP7	20,000,000.00	19,999,431.10	20,019,400.00	S&P-AA+	Moody's-Aa1	0.89	38	38	7/8/2026		4.782	0.10
FHLB 3.65 10/21/2030-28	3130B8CC4	16,000,000.00	16,000,000.00	15,679,360.00	S&P-AA+	Moody's-Aa1	0.71	1,604	691	10/21/2030	4/21/2028	3.650	4.08
FHLB 3.7 9/17/2030-27	3130B7TG9	30,000,000.00	30,000,000.00	29,529,600.00	S&P-AA+	Moody's-Aa1	1.34	1,570	474	9/17/2030	9/17/2027	3.700	3.98
FHLB 3.77 11/22/2030-28	3130B8PT3	19,000,000.00	19,000,000.00	18,675,480.00	S&P-AA+	Moody's-Aa1	0.85	1,636	753	11/22/2030	6/22/2028	3.770	4.15
FHLB 3.77 9/18/2029-27	3130B2QY4	19,000,000.00	19,000,000.00	18,715,760.00	S&P-AA+	Moody's-Aa1	0.85	1,206	263	9/18/2029	2/18/2027	3.770	3.11
FHLB 3.8 11/16/2029-26	3130B8YY2	18,400,000.00	18,400,000.00	18,257,032.00	S&P-AA+	Moody's-Aa1	0.82	1,265	169	11/16/2029	11/16/2026	3.800	3.27
FHLB 3.82 3/8/2028-26	3130B7P24	30,000,000.00	30,000,000.00	29,829,000.00	S&P-AA+	Moody's-Aa1	1.34	647	100	3/8/2028	9/8/2026	3.820	1.71
FHLB 3.9 10/1/2030-27	3130B7XC3	47,000,000.00	47,000,000.00	46,385,240.00	S&P-AA+	Moody's-Aa1	2.10	1,584	488	10/1/2030	10/1/2027	3.900	4.00
FHLB 3.95 10/2/2029-26	3130B32F9	22,500,000.00	22,500,000.00	22,204,800.00	S&P-AA+	Moody's-Aa1	1.00	1,220	124	10/2/2029	10/2/2026	3.950	3.14
FHLB 4.09 9/4/2029-26	3130B2M36	23,000,000.00	23,000,000.00	22,861,540.00	S&P-AA+	Moody's-Aa1	1.03	1,192	96	9/4/2029	9/4/2026	4.090	3.05
FHLB 4.1 8/28/2029-26	3130B2K95	38,000,000.00	38,000,000.00	37,775,800.00	S&P-AA+	Moody's-Aa1	1.70	1,185	89	8/28/2029	8/28/2026	4.100	3.04
FHLB 4.25 4/9/2031-27	3130BAAC1	12,625,000.00	12,625,000.00	12,537,382.50	S&P-AA+	Moody's-Aa1	0.56	1,774	313	4/9/2031	4/9/2027	4.250	4.41
FHLB 4.33 10/23/2029-26	3130B3FM0	20,000,000.00	20,000,000.00	19,946,600.00	S&P-AA+	Moody's-Aa1	0.89	1,241	145	10/23/2029	10/23/2026	4.330	3.18
FHLB 4.45 2/12/2030-27	3130B4YA3	27,000,000.00	27,000,000.00	26,973,000.00	S&P-AA+	Moody's-Aa1	1.21	1,353	438	2/12/2030	8/12/2027	4.450	3.41
FHLB 4.47 5/23/2031-28	3130BAU54	23,000,000.00	23,000,000.00	22,982,290.00	S&P-AA+	Moody's-Aa1	1.03	1,818	723	5/23/2031	5/23/2028	4.470	4.52
FHLB 4.5 2/12/2030-27	3130B4YB1	27,000,000.00	27,000,000.00	26,965,710.00	S&P-AA+	Moody's-Aa1	1.21	1,353	257	2/12/2030	2/12/2027	4.500	3.40
FHLB 4.52 3/15/2029-27	3130B0G26	25,000,000.00	25,000,000.00	25,006,500.00	S&P-AA+	Moody's-Aa1	1.12	1,019	288	3/15/2029	3/15/2027	4.520	2.63
FHLB 4.585 1/11/2030-28	3130B4KZ3	17,500,000.00	17,500,000.00	17,553,725.00	S&P-AA+	Moody's-Aa1	0.78	1,321	590	1/11/2030	1/11/2028	4.585	3.31
FHLB 4.65 4/2/2029-27	3130B0P26	27,000,000.00	27,000,000.00	27,048,060.00	S&P-AA+	Moody's-Aa1	1.21	1,037	306	4/2/2029	4/2/2027	4.650	2.67
FHLB 4.675 1/7/2030-27	3130B4KY6	17,500,000.00	17,500,000.00	17,535,000.00	S&P-AA+	Moody's-Aa1	0.78	1,317	221	1/7/2030	1/7/2027	4.675	3.29
FHLB 4.7 3/22/2029-27	3130B0L64	30,000,000.00	30,000,000.00	30,010,200.00	S&P-AA+	Moody's-Aa1	1.34	1,026	295	3/22/2029	3/22/2027	4.700	2.64
FHLB 4.83 6/22/2028-26	3130B1SX6	31,000,000.00	31,000,000.00	30,985,430.00	S&P-AA+	Moody's-Aa1	1.38	753	22	6/22/2028	6/22/2026	4.830	1.94

Description	CUSIP/Ticker	Face Amount/Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	% of Portfolio	Days To Maturity	Days To Call/Maturity	Maturity Date	Next Call Date	YTM @ Cost	Duration To Maturity
FHLB 4.92 4/19/2029-27	3130B0VM8	25,000,000.00	25,000,000.00	25,058,500.00	S&P-AA+	Moody's-Aa1	1.12	1,054	323	4/19/2029	4/19/2027	4.920	2.71
FHLB 5.04 4/20/2029-27	3130B15S2	24,000,000.00	24,000,000.00	24,096,720.00	S&P-AA+	Moody's-Aa1	1.07	1,055	324	4/20/2029	4/20/2027	5.040	2.71
FHLMC 3.5 9/3/2030-26	3134HBN49	22,500,000.00	22,307,319.76	22,189,950.00	S&P-AA+	Moody's-Aa1	1.00	1,556	186	9/3/2030	12/3/2026	3.722	3.96
FNMA 3.7 5/8/2029-27	3136GCEA9	22,900,000.00	22,900,000.00	22,705,808.00	S&P-AA+	Moody's-Aa1	1.02	1,073	222	5/8/2029	1/8/2027	3.700	2.77
FNMA 3.85 2/10/2031-28	3136GCT21	25,000,000.00	25,000,000.00	24,781,250.00	Fitch-AA+	Moody's-Aa1	1.12	1,716	620	2/10/2031	2/10/2028	3.850	4.30
FNMA 3.88 1/6/2031-27	3136GCCT0	23,500,000.00	23,500,000.00	23,231,395.00	S&P-AA+	Moody's-Aa1	1.05	1,681	220	1/6/2031	1/6/2027	3.880	4.58
FNMA 3.96 8/19/2030-27	3136GANZ8	26,000,000.00	26,000,000.00	25,827,880.00	S&P-AA+	Moody's-Aa1	1.16	1,541	445	8/19/2030	8/19/2027	3.960	3.88
FNMA 4 12/17/2030-27	3136GCC94	18,400,000.00	18,400,000.00	18,183,984.00	S&P-AA+	Moody's-Aa1	0.82	1,661	382	12/17/2030	6/17/2027	4.000	4.13
FNMA 4 3/10/2031-27	3136GCSZ9	25,000,000.00	25,000,000.00	24,665,500.00	Fitch-AA+	Moody's-Aa1	1.12	1,744	467	3/10/2031	9/10/2027	4.000	4.35
FNMA 4 8/19/2030-27	3136GAQ69	25,000,000.00	25,000,000.00	24,799,750.00	S&P-AA+	Moody's-Aa1	1.12	1,541	445	8/19/2030	8/19/2027	4.000	3.88
FNMA 4.2 7/16/2030-27	3136GAKN8	35,000,000.00	35,000,000.00	34,828,150.00	S&P-AA+	Moody's-Aa1	1.56	1,507	411	7/16/2030	7/16/2027	4.200	3.77
Sub Total/ Average US Agency 100% Maximum		842,950,000.00	842,582,333.71	837,931,432.75			37.63	1,297	355			4.205	3.30
Total / Average		2,239,912,617.81	2,236,675,986.35	2,231,807,018.16			100	843	413			4.331	2.16

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**MEMORANDUM**

FOR: Chair David Snyder and Members
Northern Virginia Transportation Authority Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: July 2, 2026

SUBJECT: Monthly Revenue Report

1. **Purpose:** To update the Northern Virginia Transportation Authority (NVT) Finance Committee on monthly revenue receipts and 30% funds distributed to member localities.
2. **Background:** The attached reports reflect funding received and distributed through June 30, 2026.
3. **Comments:**
 - A. **FY2026 Revenues (Attachment A):**
 - I. The Authority has received approximately \$396.6 million through June 30, 2026, transfers from the Commonwealth.
 1. \$36 million in Regional Congestion Relief Fees (Grantor's Tax).
 2. \$321.4 million in Regional Sales Tax.
 3. \$20 million from the Northern Virginia Transportation District Fund transfer.
 4. \$19.2 million from Interstate Operation Enhancement Program.
 - II. June 2026 represents the tenth month of sales tax receipts for FY2026. Attachment A shows a 1.7% negative variance between the budgeted sales tax receipts compared to the annualized actual sales tax receipts.
 - III. As of June 2026, the FY2026 Regional Congestion Relief Fees (Grantor's Tax) reflect a 23.3% positive variance when compared to the annualized FY2026 budget projections.
 - B. **FY2026 Distribution to localities (Attachment B)**
 - I. As of June 2026, all member jurisdictions completed the Code of Virginia Section 33.2-2510 required annual certification to receive FY2026 Local Distribution Funds (30%).
 - II. As of June 2026, \$119.5 million has been distributed in FY2026 Local Distribution funds to members jurisdictions.

C. FY2020 to FY2026 Year over Year Revenue Comparison (Attachment C).

- I. The first chart on the attachment provides a year-to-year Sales Tax comparison showing an increase in sales tax receipts year over year for FY2026.
- II. The second chart shows, by fiscal month, the portfolio's Market Value, Book Value and income. The Investment Income-BV line shows the portfolio earned \$86.9 million from July 2025 to May 2026. This is actual interest earned, inclusive of accrued earnings, coupon payments and purchase discounts/premiums. Not included in this figure is the impact of Mark to Market valuations which will result in unrealized gains or losses in the year-end financial statements.
- III. The third chart provides a year-to-year Grantor's Tax comparison.

Attachments:

- A. FY2026 Revenues Received by Tax Type Compared to NVTA Estimates, through June 2026
- B. FY2026 30% Distribution by Jurisdiction, as of June 2026
- C. Sales Tax Revenue, Portfolio Income and Grantor's Tax Receipts- Monthly Yearly Comparisons

Attachment A

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

SALES TAX REVENUES RECEIVED BY JURISDICTION, COMPARED TO NVT A ESTIMATES

Based on: Revenue Data Through June 2026

FYE June 30, 2026

			Annualized			
Regional Sales Tax	10	Received	Revenue based	FY2026	Annualized	
Transaction Months		To Date	on YTD Receipts	Budget	Actual To Budget	
Total Sales Tax Revenue		\$ 321,433,366	\$ 385,720,040	\$ 392,473,042	\$ (6,753,002)	-1.7%
			Annualized			
Interstate Operation Enhance Program	1	Received	Revenue based	FY2026	Annualized	
Transaction Months		To Date	on YTD Receipts	Budget	Actual To Budget	
Interstate Operation Enhance Program		\$ 19,225,944	\$ 19,225,944	\$ 23,800,000	\$ (4,574,056)	-19.2%
Regional Congestion Relief Fee	11	Received	Revenue based	FY2026	Annualized	
Transaction Months		To Date	on YTD Receipts	Budget	Actual To Budget	
Total Regional Congestion Relief Fee		\$ 35,962,985	\$ 39,232,347	\$ 31,805,911	7,426,436	23.3%
NVTD Transfer from COVA	4	Received	Revenue based	FY2026	Annualized	
Transaction Months		To Date	on YTD Receipts	Budget	Actual To Budget	
Total NVTD Transfer from COVA		\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ -	0.0%
Total Revenue Received		\$ 396,622,296	464,178,331	\$ 468,078,953	\$ (3,900,622)	-0.83%

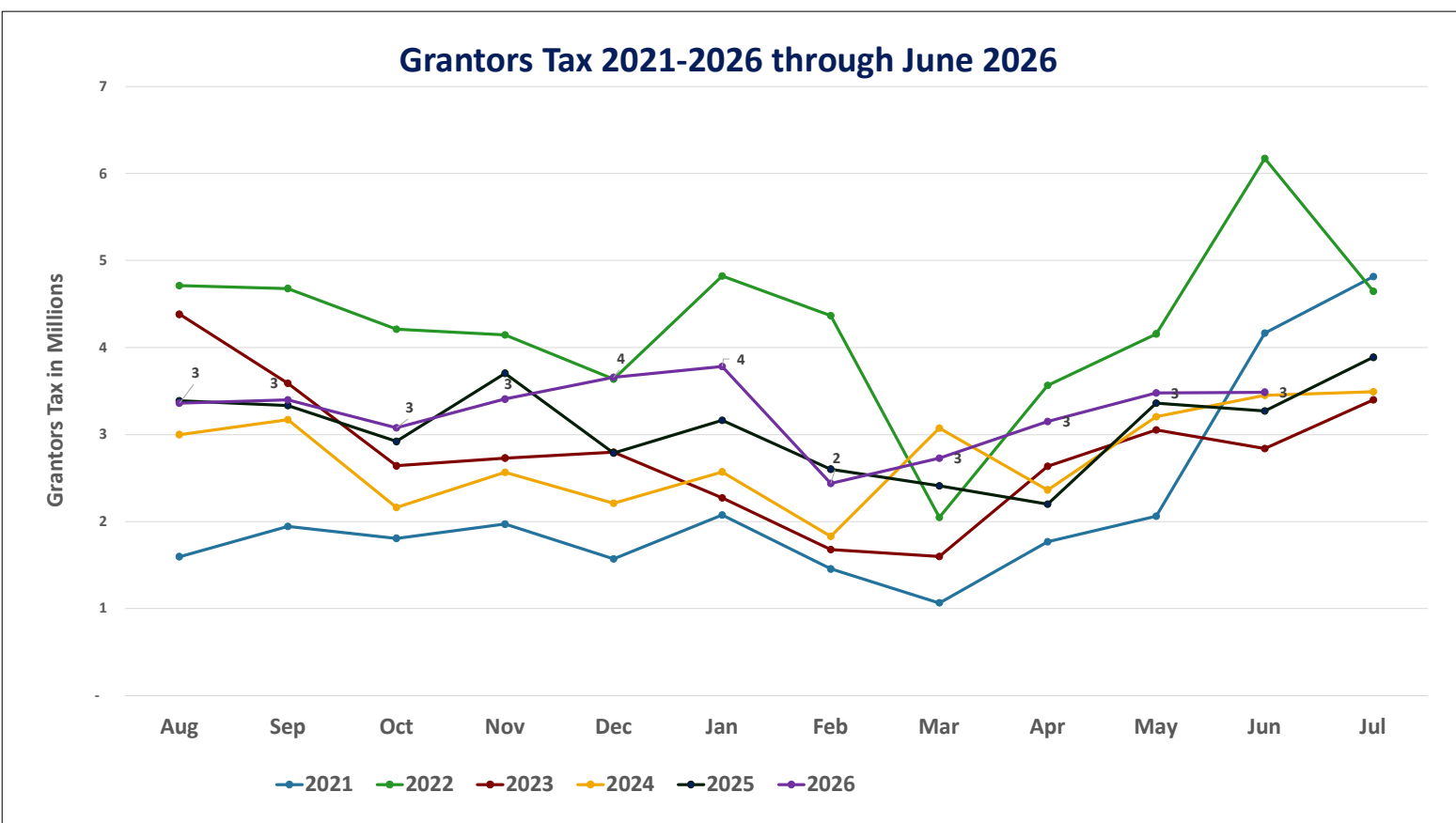
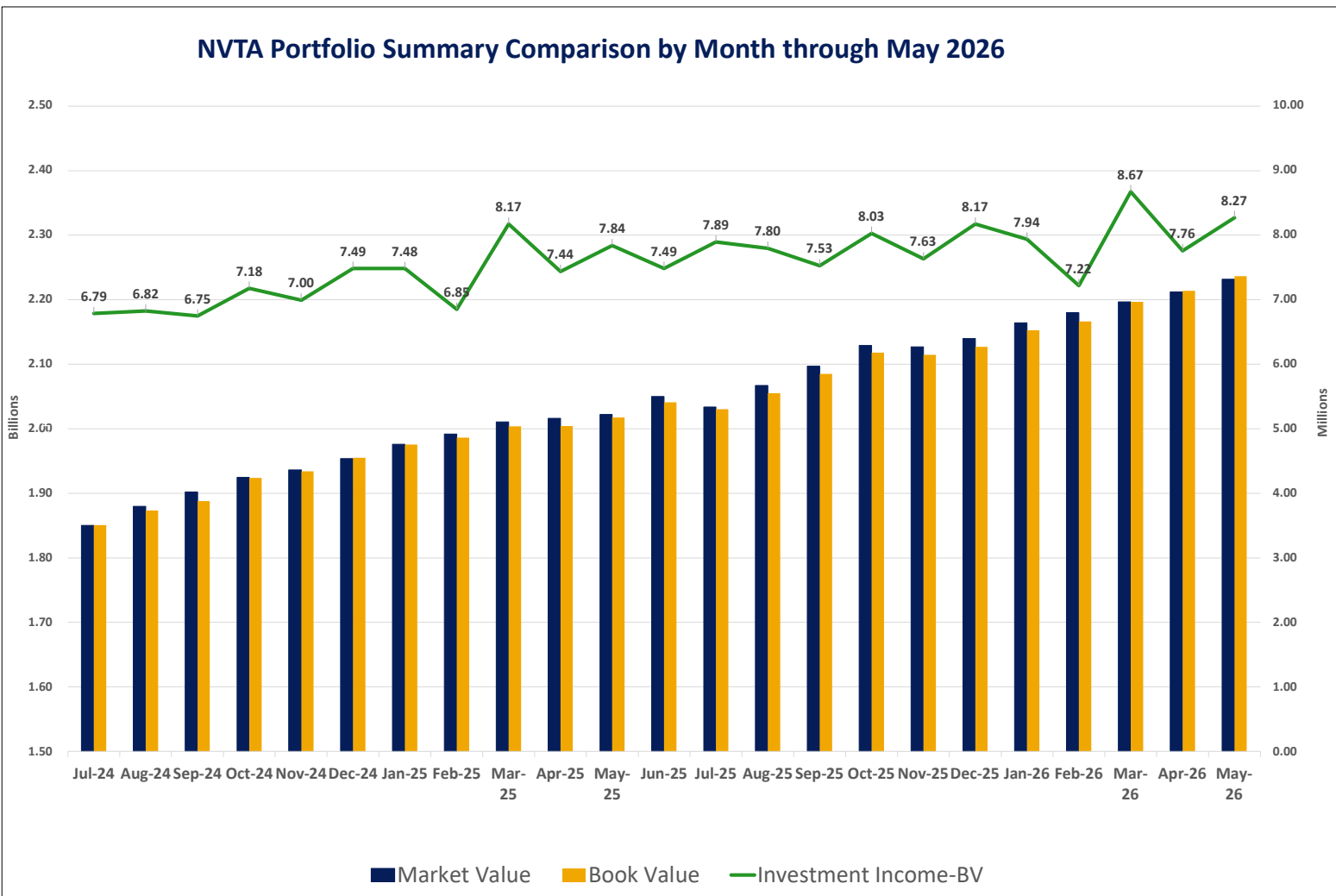
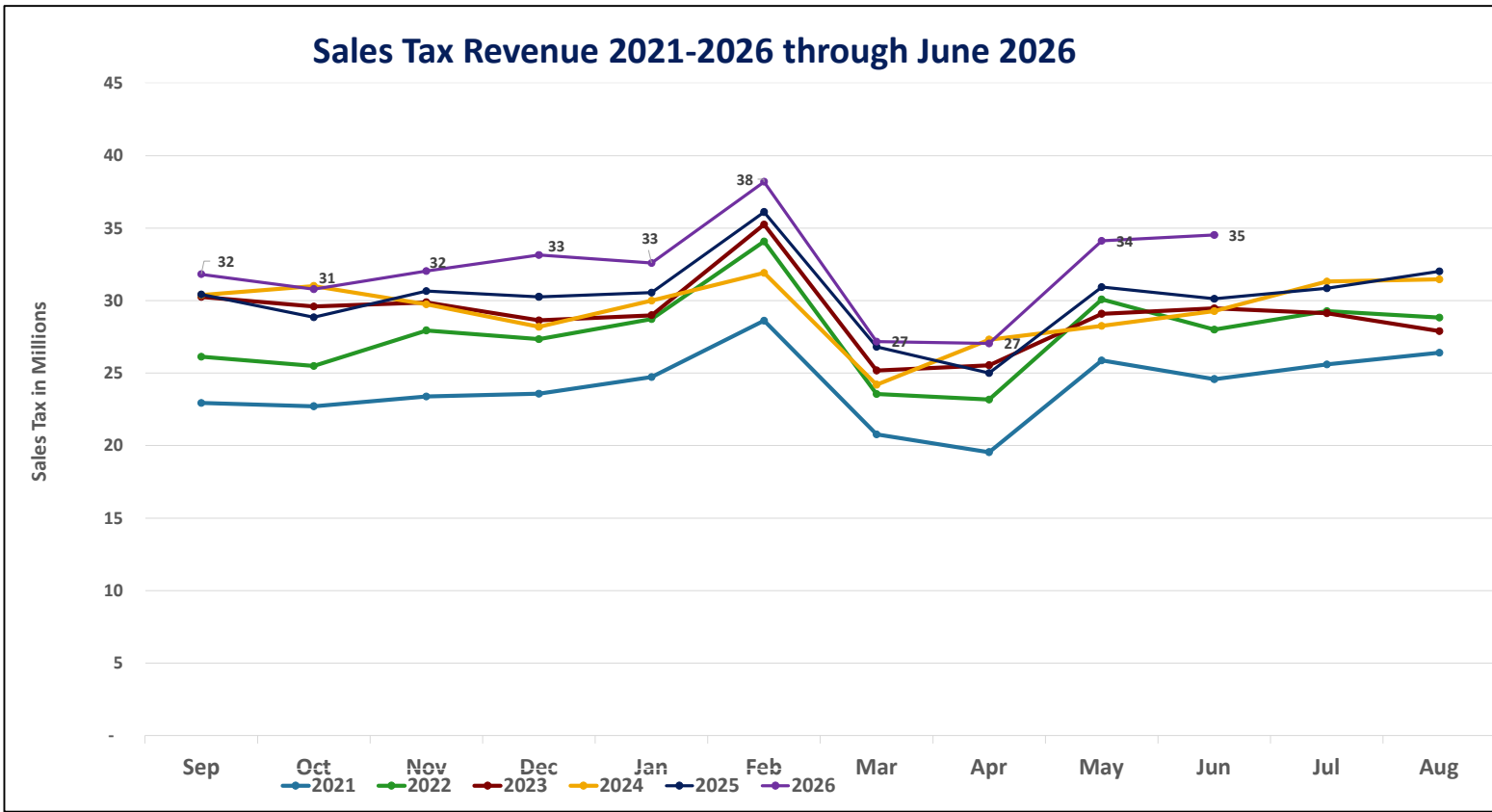
Attachment B

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

FY2026 30% Distribution By Jurisdiction

Based on: Revenue Data Through June 2026

Jurisdiction	Interstate Operat Enhance Program	Regional Sales Tax	Regional Congestion Relief Fee	NVTD Transfer From COVA	CoVa NVTA Interest	Cumulative Total	30% Funds	Interest 5/31/2026 Accrued Interest (1)	As of 5/31/2026 Prior Distributions	Current Month Distribution	Total Funds Transferred
								(+)			
City of Alexandria	\$ 1,281,476.67	\$ 20,495,185.33	\$ 2,372,607.10	\$ 1,321,887	\$ 65,150.72	\$ 25,536,306.58	\$ 7,660,891.97	\$ 11,373.84	\$ 6,924,638.93	\$ 747,626.88	\$ 7,672,265.81
Arlington County	\$ 1,805,015.11	\$ 29,133,035.04	\$ 3,070,259.20	\$ 1,855,047	\$ 93,071.23	\$ 35,956,427.77	\$ 10,786,928.33	\$ 16,014.96	\$ 9,796,911.57	\$ 1,006,031.72	\$ 10,802,943.29
City of Fairfax	\$ 427,465.94	\$ 7,412,745.04	\$ 352,498.40	\$ 447,201	\$ 24,023.30	\$ 8,663,933.51	\$ 2,599,180.05	\$ 3,858.91	\$ 2,378,833.90	\$ 224,205.06	\$ 2,603,038.96
Fairfax County	\$ 7,954,799.31	\$ 130,666,097.08	\$ 15,109,848.00	\$ 8,257,457	\$ 420,973.56	\$ 162,409,174.87	\$ 48,722,752.46	\$ 72,336.87	\$ 44,262,790.66	\$ 4,532,298.67	\$ 48,795,089.33
City of Falls Church	\$ 204,827.62	\$ 3,448,092.85	\$ 231,847.70	\$ 213,814	\$ 11,128.28	\$ 4,109,710.44	\$ 1,232,913.13	\$ 1,830.46	\$ 1,118,354.09	\$ 116,389.50	\$ 1,234,743.59
Loudoun County	\$ 3,890,310.54	\$ 69,631,627.85	\$ 7,861,700.40	\$ 4,094,816	\$ 220,019.52	\$ 85,698,474.70	\$ 25,709,542.41	\$ 38,170.01	\$ 23,074,852.11	\$ 2,672,860.31	\$ 25,747,712.42
City of Manassas	\$ 485,467.74	\$ 9,426,754.26	\$ 455,021.70	\$ 532,870	\$ 26,537.91	\$ 10,926,651.90	\$ 3,277,995.57	\$ 4,866.72	\$ 2,968,053.13	\$ 314,809.16	\$ 3,282,862.29
City of Manassas Park	\$ 97,150.12	\$ 1,514,081.39	\$ 157,195.30	\$ 99,394	\$ 4,582.96	\$ 1,872,403.81	\$ 561,721.14	\$ 833.97	\$ 513,051.83	\$ 49,503.28	\$ 562,555.11
Prince William County	\$ 3,079,430.95	\$ 49,705,747.46	\$ 6,352,007.40	\$ 3,177,514	\$ 156,304.79	\$ 62,471,004.19	\$ 18,741,301.26	\$ 27,824.52	\$ 17,024,708.05	\$ 1,744,417.73	\$ 18,769,125.78
Total Revenue	\$ 19,225,944.00	\$ 321,433,366.30	\$ 35,962,985.20	\$ 20,000,000.00	\$ 1,021,792.27	\$ 397,644,087.77	\$ 119,293,226.32	\$ 177,110.26	\$ 108,062,194.27	\$ 11,408,142.31	\$ 119,470,336.58
Interest 5/31/2026						\$ 397,644,087.77	\$ 119,293,226.32				\$ 119,470,336.58



NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**MEMORANDUM**

FOR: Chair David Snyder and Members
Northern Virginia Transportation Authority Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: July 2 , 2026

SUBJECT: Monthly Operating Budget Report

1. **Purpose:** To update the Northern Virginia Transportation Authority (NVTa) Finance Committee on the Authority's Operating Budget for FY2026.
2. **Background:** The Authority elected to fund the Operating Budget for FY2026 through transfers from the Regional Revenue Fund.
3. **Monthly Operating Budget Report:** Through May 31, 2026, the FY2026 Operating Budget has produced the following:
 - A. The Operating Budget was fully funded through transfers from the Regional Revenue Fund.
 - B. As of May 31, 2026, the attached Income Statement shows the Authority has utilized 79% of the expenditure budget through 92% of the fiscal year.
 - C. Certain major FY2026 budgeted expenses, including the remaining budget for the Website Modernization project, will continue into FY2027.
 - D. As of May 31, 2026, the Authority earned \$175K through investment income from interest accrued on budgeted funds deposited in the Local Government Investment Pool (LGIP).
 - E. As of May 31, 2026, all expense categories remained within the approved budget.
 - F. The attached statement provides a summary of total Operating Budget income and expenditure activity through May 31,2026.

Attachment: FY2026 Monthly Operating Budget through May 31, 2026

06/18/26

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

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Income Statement

Report ID: LB170A

For the Accounting Period: 5 / 26

1000 General Fund

		----- Current Year -----				
Account Object	Description	Current Month	Current YTD	Budget	Variance	%
Expenses						
410000	Personnel Expenses					
110	Salaries-Regular Pay	166,037.74	2,653,188.91	3,134,669.00	481,480.09	85
130	Health, Dental & Vision Benefits	19,327.72	250,846.80	520,441.00	269,594.20	48
131	Payroll Taxes	12,537.74	184,383.71	245,069.00	60,685.29	75
132	Retirement VRS	14,225.21	180,848.36	235,820.00	54,971.64	77
133	Life Insurance	2,731.70	31,583.53	39,185.00	7,601.47	81
134	FSA/DCA	46.58	444.80	1,561.00	1,116.20	28
135	Workers Comp		2,139.00	3,450.00	1,311.00	62
137	Disability Insurance	641.20	26,793.73	33,696.00	6,902.27	80
138	Commuter Benefits	156.35	2,248.40	3,585.00	1,336.60	63
	Total Account	215,704.24	3,332,477.24	4,217,476.00	884,998.76	79
420000	Professional Services					
210	Audit & Accounting Services		28,049.95	62,250.00	34,200.05	45
220	Bank Service		-856.76	750.00	1,606.76	-114
230	Insurance		16,492.00	20,231.00	3,739.00	82
240	Payroll & Human Resource Services	622.54	6,477.23	12,337.00	5,859.77	53
260	Public Outreach & Regional Event Support	2,445.11	14,248.55	41,610.00	27,361.45	34
261	Legal/Bond Counsel Services			75,000.00	75,000.00	
262	Financial Advisor Services		7,500.00	10,000.00	2,500.00	75
263	Bond Trustee Fees		2,687.50	2,900.00	212.50	93
264	Legislative Services	2,807.97	81,594.61	89,305.00	7,710.39	91
265	Investment Custody Fees		15,000.00	25,000.00	10,000.00	60
	Total Account	5,875.62	171,193.08	339,383.00	168,189.92	50
430000	Technology/Communication					
310	Financial Reporting & Invest Monitoring/Mgt	14,923.20	83,795.43	85,950.00	2,154.57	97
330	IT Support Svc Incl Hosting	11,860.52	48,025.60	58,799.00	10,773.40	82
335	GIS/Project Mgt/Modeling	2,400.00	41,245.07	40,271.00	-974.07	102
340	Phone Service & Video Srvc Chgs	1,181.71	15,347.07	20,708.00	5,360.93	74
350	Web Develop & Hosting		63,188.27	133,170.00	69,981.73	47
940	Equip/Computer HW SW & Peripheral	5,719.34	16,886.73	9,450.00	-7,436.73	179
	Total Account	36,084.77	268,488.17	348,348.00	79,859.83	77
440000	Administrative Expenses					
405	Building/Office Related Expenses	92.70	1,294.36	3,500.00	2,205.64	37
410	Advertisement	543.99	1,707.56	1,670.00	-37.56	102
411	Memberships & Subscriptions	2,334.98	21,944.36	27,427.00	5,482.64	80
412	Duplication & Printing	1,205.36	14,511.65	15,672.00	1,160.35	93
414	Hosted Meeting Expenses	948.56	6,957.61	7,515.00	557.39	93
415	Local Travel/Commuter Benefits	2,223.54	10,810.95	11,251.00	440.05	96
417	Office Lease	40,675.02	482,428.61	478,940.00	-3,488.61	101
418	Office Supplies	226.93	6,370.79	7,183.00	812.21	89
419	Postage & Delivery	15.60	72.47	700.00	627.53	10
420	Professional Development	1,186.26	16,711.70	33,610.00	16,898.30	50
421	Professional Outreach	2,999.71	21,323.33	24,300.00	2,976.67	

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1000 General Fund

Account Object	Description	----- Current Year -----				%
		Current Month	Current YTD	Budget	Variance	
945	Office Furniture & Fixtures		394.97		-394.97	
	Total Account	52,452.65	584,528.36	611,768.00	27,239.64	96
	Total Expenses	310,117.28	4,356,686.85	5,516,975.00	1,160,288.15	79
	Net Income from Operations	-310,117.28	-4,356,686.85			
Other Revenue						
370000	Investment Earnings	16,192.21	174,574.48		174,574.48	
383000	Transfer Operating Budget from Regional		5,391,265.00	5,391,265.00		100
	Total Other Revenue	16,192.21	5,565,839.48	5,391,265.00	174,574.48	103
Other Expenses						
521000	Transfers					
820	Transfer to Operating Reserve			1,078,950.00	1,078,950.00	
825	Transf to Equip Reserve			50,000.00	50,000.00	
	Total Account			1,128,950.00	1,128,950.00	
	Total Other Expenses	0.00	0.00	1,128,950.00	1,128,950.00	
	Net Income	-293,925.07	1,209,152.63			

Note: Formula for % columns = revenue*100/total expense for Fund.