



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Thursday September 19, 2019 – ~~1:00~~ 1:30 PM (Potomac Room) 3040 Williams Drive, Suite 200
Fairfax, VA 22031

AGENDA

- I. Call to Order/Welcome** Mayor Parrish, Chairman
- II. Summary Minutes of the June 13, 2019 Meeting**
Recommended Action: Approval [with abstentions from those who were not present]

Action Items

- III. TransAction Contract Amendment 5: 2019 Tracking Survey** Mr. Longhi, CFO
(Recommend Authority approval of TransAction Contract Amendment 5)
- IV. Direct Investment Purchases: Investment Policy Change** Mr. Longhi, CFO
(Recommended Action: Recommend Authority approval of policy changes)
- V. Direct Investment Purchases: Budget Amendments** Mr. Longhi, CFO
(Recommended Action: Recommend Authority approval of FY 2020 Budget Adjustments)
- VI. Office Lease Renewal** Mr. Longhi, CFO
(Recommended Action: Recommend Authority approval of lease renewal with NVRC)

Information/Discussion Items

- VII. Policy 29 Report** Mr. Longhi, CFO
- VIII. Investment Portfolio Report** Mr. Stavros, Investment & Debt Manager
- IX. Monthly Revenue Report** Mr. Longhi, CFO
- X. Operating Budget Report** Mr. Longhi, CFO

Adjournment

- XI. Adjournment**

Next Scheduled Meeting: October 17, 2019 at 1:00PM (Room B)
3040 Williams Drive, Suite 200, Fairfax, Virginia



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE
Wednesday, June 13, 2019 5:30 PM
3040 Williams Drive, Suite 200
Fairfax, VA 22031

MEETING SUMMARY

I. Call to Order/Welcome

- Vice Chair Rishell called the meeting to order at 5:35 PM.
- Attendees:
 - ✓ Members: Mayor Parrish (Arrived 5:43PM); Chairman Nohe; Chairman Bulova; Mayor Rishell, Mayor Wilson (Arrived 6:11 PM)
 - ✓ Staff: Monica Backmon (Executive Director); Michael Longhi (CFO); Richard Stavros (Investment & Debt Manager); Peggy Teal (Assistant Finance Officer); Yolanda Thomas-Jones (Clerk); Keith Jasper (Principal, Transportation Planning and Programming);
 - ✓ Council of Counsels: Ellen Posner (Fairfax County) Rob Dickerson (Prince William County)
 - ✓ Other Attendees: Bob Brown (Loudoun County); Tarrence Moorer (Alexandria); Noelle Dominguez (Fairfax County); Paolo Belita (Prince William); JoAnne Carter (PFM) Kristy Choi (PFM)

II. NVTA Community Bank Program – Presentation postponed due to compressed meeting time and significant agenda.

III. Summary Minutes of the February 21, 2019 and March 21, 2019 Meetings

- Chairman Bulova moved approval of the minutes of the meeting; seconded by Chairman Nohe. Motion carried unanimously.

Action Items

IV. Long-Term Care Insurance Program

Mr. Longhi, CFO

- Mr. Longhi presented the Commonwealth of Virginia's Long Term Care Insurance program which is offered through the Virginia Retirement System (VRS), noting:
 - ✓ When benefits for the Authority were set up in 2014, VRS had earlier suspended participation in long-term care programs for VRS Plan 1 and Plan 2 members.
 - ✓ VRS is now offering long term care insurance, with the following features:
 - ✓ Political Subdivision (employers) must opt in by June 14, 2019.
 - ✓ Participation is a voluntary decision of employees and immediate family members, who will bear the cost of the premiums.

- ✓ Term is for three years, after which the program can be terminated by either party upon 60-day notice.
- ✓ Participation in the VRS program will provide access to long term care insurance based on a significantly large, but as yet undetermined, actuarial pool. Large actuarial pools typically lower insurance premiums substantially over individual policies.
- Mr. Longhi noted that there will not be a fiscal impact on the Authority as all costs are paid by participating employees.
- With Authority approval on June 13th, NVTA staff would be eligible for participation in the program when it starts in the Fall of this year.
- A resolution was attached that is prepared for the Authority's meeting (later that evening) asking for authorization for the Executive Director to sign.
- Chairman Parish noted that he had discussed the proposal at length with Mr. Longhi and he would recommend moving forward with a motion.
- Chairman Bulova moved approval for the participation in the Long Term Care Agreement; seconded by Mayor Rishell. Motion carried unanimously.

IV.a TransAction Update (RFP#2015-01) Contract, Amendment 4

Mr. Longhi, CFO

- Mr. Longhi presented the TransAction Update Contract Amendment 4, noting:
 - ✓ In 2015, the Authority approved the contract for the first update to TransAction since HB2313 funding.
 - ✓ As part of the Request for Proposal and contract, the Authority envisioned the need for ongoing technical services until the next TransAction update.
 - ✓ Examples of these technical services include congestion reduction relative-to-cost, long-term benefit calculations, and other technical services.
 - ✓ Mr. Longhi noted that the request to approve Amendment 4 had been moved ahead one month (which would have originally occurred at the July Finance Committee meeting) to align the process with the timeline of the 2-Year Update.
 - ✓ Mr. Longhi noted Mr. Jasper was in the process of finalizing negotiations with AECOM, which will include the finalization of the scope of work, schedule and final cost. Mr. Longhi added the wording of the proposed Motion, that the cost was not to exceed budgeted amounts, was done so as to give Mr. Jasper negotiating room on costs.
- Chairman Bulova moved that the Authority approve the attached transaction update contract, Amendment #4, in an amount not to exceed funds appropriated for this purpose. Seconded by Mayor Rishell. Motion carried unanimously

Information/Discussion Items

V. Investment Portfolio Report

Richard Stavros, Investment & Debt Manager

- Mr. Stavros presented the monthly report on investment activities and portfolio performance through May 31, 2019.
- Mr. Stavros referenced the 'blue sheet' attachment titled NVTA Performance Milestone, including a table comparing various benchmarks, noting:
 - ✓ The NVTA portfolio hit a performance milestone; the portfolio's yield of 2.61% at the end of May outperformed all of its benchmarks, some by as much as 20 basis points, as

well as outperforming other government investment pools and funds in the Commonwealth of Virginia.

- ✓ Mr. Stavros, noting NVTA's investment policy stresses safety-first, explained the performance milestone was achieved without taking additional risk, as the results were primarily from the purchase of U.S. Treasuries, considered one of the world's safest investments.
- ✓ Mr. Stavros attributed the performance milestone to a rate shock model analysis undertaken by the finance team in response to the Fed's rate hike pause in early 2019, and in response to worsening global economic indicators.
- ✓ The rate shock model analysis gave NVTA an early warning (first mover advantage) on responding to weakening economic fundamentals and falling rate trends.
- ✓ NVTA tapped its excess liquidity (\$100+ million from Agency bonds that were called early in the year) to acquire U.S. Treasury bonds at rates that may ultimately be the highest of 2019 and 2020 because of expected Fed rate cuts.
- ✓ Chairman Bulova asked.....
- ✓ In response Mr. Stavros said he built the rate shock model in the February/March timeframe confirming that the yield curve inversion was a major consideration in the analysis.
- ✓ Mr. Stavros highlighted the fall in the 2-Year U.S. Treasury to 1.88, adding that some NVTA benchmarks had lost performance due to their shorter duration, or were more immediately impacted by interest rate declines, such as local government investment pools.
- ✓ At the meeting, both Mr. Longhi and Mr. Stavros stressed that as rates continue to fall, the NVTA's portfolio performance will also ultimately decline with the market.
- ✓ Mr. Longhi noted, however, very safe fixed income portfolio's tend to hold their value longer as the market is declining (as they do not speculate on upturns).
- ✓ Mr. Longhi, also noted, had NVTA remained in the underperforming VIP 1-3 Bond Fund, exited in 2018, NVTA would not have achieved its performance milestone.
- ✓ Chairman Bulova thanked and praised staff for a great job.

VI. Monthly Revenue Report

Mr. Longhi, CFO

- Mr. Longhi announced the addition of a new forecasting model that adds a higher level of analytical sophistication to verify that revenue estimates are on track.
- In response to the unexpected fall in Sales Tax revenue a few months ago (which turned out to be an outlier or non-repeating occurrence) staff developed a more statistical approach with respect to NVTA's actual performance to estimates.
- Mr. Stavros completed that task and it will be a routine attachment to the Monthly Revenue Report moving forward.

VII. Operating Budget Report

Mr. Longhi, CFO

- Mr. Longhi reported that all revenues were in and the NVTA's Operating Budget was in line with projections.

- Mr. Longhi added that though the operating budget might appear as though NVTA was underspending, this appearance was the result of timing issues.
- Mr. Longhi affirmed that the operating budget was on track to meet its end of fiscal year projections, and no adjustments were recommended.

VIII. Finance Activities Outline

Mr. Longhi, CFO

- Mr. Longhi previewed the areas finance staff would be working on during the summer, as the next Finance Committee would not be meeting until late September. Notable activities include;
 - ✓ NVTA would be completing the Annual Audit
 - ✓ Recruitment, hiring and on-boarding the new financial analyst position
 - ✓ Preparing for Phase 2 of the Public Information System (PIMS) and June kickoff.
 - ✓ Revisions to the annual certification process for 30% funds to increase the transparency of Town fund balances, ensure adequacy of staffing charge documentation.
 - ✓ Policy revision related to SB1716 revenue distributions.
 - Mr. Longhi noted the proposed methodology was statistically back tested by Mr. Stavros and Ms. Teal.
 - Presentment of proposed methodology to the RJACC to ensure a complete and transparent understanding of the process by member jurisdictions.
 - ✓ Mr. Longhi discussed initial investment research which is finding pricing advantages which could be achieved through direct (electronic) purchases of investments, as compared to phone transactions with brokers.
 - ✓ The Finance Committee will be presented with proposed policy revisions, a savings analysis and the methodology to conduct direct (electronic) purchases of investments while maintaining clear oversight and verification to maintain NVTA's conservative investment policy.
- Mr. Longhi added that NVTA had received an indication from VRE that it will voluntarily withdraw one of its projects – the Alexandria Station Tunnel (\$1.3 million – programmed in 2014). The project encountered engineering issues that could not be reconciled with the approved project description.

Closed Session -Procurement Discussion

- At 5:54 PM, Chairman Parish moved the Finance Committee convened a closed meeting as authorized by Virginia Code sections 2.2-3711 (A)(3) and (A)(29) for the purpose of discussing potential contractual agreements by NVTA with third parties regarding the leasing of real estate necessary for the performance of NVTA's statutory missions. Seconded by Chairman Bulova, Motion carried unanimously.
- At 6:45 PM>>>>>

Meeting adjourned: 6:38 PM
Next Meeting September 19, 2019

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Mayor Parrish, Chairman - NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: September 13, 2019

SUBJECT: TransAction Contract Amendment 5: 2019 Tracking Survey

1. **Purpose:** To seek Northern Virginia Transportation Authority (NVTA) Finance Committee recommendation of Authority approval of Amendment 5 to the TransAction Update contract. This amendment will provide for a 2019 Tracking Survey which will update prior surveys conducted in October 2015 and December 2016. Results of the survey will be used to develop the scope of work for the next TransAction Update Request for Proposals (RFP) planned for FY2020.
2. **Suggested Motion:** *I move Finance Committee recommendation of Authority approval of the attached TransAction Contract Amendment 5: 2019 Tracking Survey in an amount not to exceed funds budgeted for such purposes.*
3. **Background:**
 - a. After a competitive procurement process, the Authority approved a contract for the update to the Northern Virginia regional transportation plan (TransAction) on July 23, 2015.
 - b. Ongoing technical support was envisioned in the original TransAction Update contract with AECOM Technical Services Inc., with the understanding such support services would be managed through amendments to the original contract.
 - c. The attached proposed amendment document references the technical specifications (scope), schedule and costs outline in AECOM's attached proposal dated August 16, 2019.
 - d. Funds for these technical services were approved in the Authority's FY2019 and FY2020 budgets. The proposed costs are within the adopted budgets.
2. **Next Steps:** If recommended by the Finance Committee the attached contract amendment will be presented to the Authority for approval at the October 10, 2019 meeting.

Attachments: TransAction Update Contract Amendment 5.
AECOM Technical/Cost Proposal dated August 16, 2019



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

NVTA TransAction 2040 Update (RFP #2015-01)

Contract Amendment #5 – 2019 Tracking Survey

October 10, 2019

This document defines additional tasks and deliverables related to development of the TransAction 2040 Update. The additional work relates to updating Task 9.2 Public Analysis; capturing perceptions of the TransAction Update and the projects included within it, using the latest technologies available to solicit input from citizens in a statistically valid process.

9.2 Public Analysis

Use of the latest technologies available to solicit input from citizens should be incorporated while also communicating with groups who may not be able to access these technologies. Use of both the data resulting from those efforts and the questions that those efforts leave unanswered should be considered. Methods for dissemination of the survey instrument as well as the results should be explained, and should be designed to maintain statistical validity in the process.

As part of the development of the current TransAction Update, AECOM Technical Services Inc. and their subcontractor Heart+Mind strategies undertook public perception surveys in October 2015 and December 2016. The purpose of this third survey is to identify current awareness and priorities and to assess any changes that may have occurred on any of the key measures from the earlier two waves of research, including:

1. Transportation issue awareness & perceptions
2. Perceptions of quality life in terms of transportation and future outlook
3. Identification of key factors impacting transportation quality of life
4. Identification of regional transportation priorities and key projects
5. NVTA & TransAction Plan awareness & performance

Specific Amendment 5 deliverables and pricing is detailed on the attached proposal from AECOM Technical Services Inc. dated August 16, 2019.

Monica Backmon
NVTA Executive Director

Date

AECOM (Signature)

Printed Name

Title

Date

August 16, 2019

Mr. Keith Jasper
Project Manager
Northern Virginia Transportation Authority
3040 Williams Drive, Suite 200
Fairfax, VA 22031

Dear Mr. Jasper:

Re: NVTA Tracking Survey 2019

This letter outlines a detailed plan for conducting a third survey to test public awareness and attitudes toward transportation issues in Northern Virginia. It outlines the consulting specifications, deliverables, timing, price, and general terms of services that AECOM and our subconsultant, Heart+Mind Strategies, will provide to NVTA.

Background & Objectives

As part of the region's long-range transportation plan, NVTA has included a research component to focus on understanding public perceptions of projects included in the TransAction 2040 plan.

In October 2015 Heart+Mind Strategies conducted a Benchmark study among 610 residents from nine NVTA jurisdictions including Arlington County, Fairfax County, Loudoun County, Prince William County, City of Alexandria, City of Fairfax, City of Falls Church, City of Manassas and the City of Manassas Park.

The primary objective of the Benchmark research was to provide an initial assessment of key public perceptions including:

- Transportation issue awareness and attitudes toward these issues
- Identification of values and priorities related to transportation
- Initial messaging, communication and language testing
- NVTA & TransAction Plan awareness, performance and assessment

A second wave of the study was conducted in December 2016.

This new wave will update the 2015 Benchmark and 2016 Tracking to assess current awareness and perceptions of transportation issues and priorities in the northern Virginia region.

Wave 3 Tracking: Specific Research Goals & Objectives

The main goal of the next survey is to identify current awareness and priorities and to assess any changes that may have occurred on any of the key measures from the earlier two waves of research, including:

1. Transportation issue awareness & perceptions
2. Perceptions of quality life in terms of transportation and future outlook
3. Identification of key factors impacting transportation quality of life
4. Identification of regional transportation priorities and key projects
5. NVTA & TransAction Plan awareness & performance

Approach

A survey length of 8 minutes should be sufficient to explore desired topics. Below is a summary of assumptions:

- Mode: Online quantitative study
- Audience: General Population Residents of 9 NVTA member jurisdictions of Northern Virginia including Arlington, Fairfax, Loudoun and Prince William County, Alexandria, Fairfax City, City of Falls Church, Manassas, Manassas Park
- Sample: n=600
- Screening Criteria: Adult Northern Virginia residents ages 18+
- Quotas & Weighting: To reflect 4 county populations, just as in the previous two waves;
- Length: 8 minutes
- Open ended questions: 2 open ended questions are included
- Field Duration: This study will require approximately 7-8 days in field to complete.

Among our online audience, we will apply the same method as we have in previous waves: use quotas and/or weighting to maintain a balance across jurisdictions, and gender and age within each jurisdiction to ensure a population that is reflective of our desired audience.

Tasks

Tasks for this tracking wave include the following:

- Design quantitative Tracking Survey instrument
- Present draft survey to NVTA team and facilitate discussion to review. Record feedback and incorporate into design of quantitative survey
- Program, test and field survey to online panel of participants
- Perform data processing and analysis
- Deliver topline interview schedule in Word document showing aggregated results question by question.
- Develop summary for NVTA briefing. Record NVTA feedback and edit summary as appropriate

In addition, we will aggregate results of this current wave with the results of the 2015 Benchmark and the 2016 tracking. We will compare and analyze any changes over time. The summary and report will include graphic results for each of the three time periods and highlight any significant changes over time.

Deliverables

Deliverables for this research engagement include the following:

- Topline results of aggregate findings
- PowerPoint report of findings including: executive summary and graphical illustration of results with text narrative, subgroup analyses, key findings and recommendations
- One summary presentation/briefing to NVTA

Optional Deliverables

Optional deliverables to be confirmed, coordinated, and scheduled with NVTA:

- Additional presentations and briefings
- Media event with regional print, radio, and television media. Pricing includes staff time to provide coordination, logistics, equipment, and in-person presentation.
- Video to provide an overview of the survey activity, excerpts from presentation, and promotional information. Pricing allowance includes staff time for scripting, executing multiple video takes, new video footage of transportation operations/facilities, and video editing and production.

Timing:

The table below outlines anticipated timing for each step in this research engagement.

Milestone	Responsible Party	Proposed Timing	Week
1. Questionnaire Drafted	HMS	1 week	Week 1
2. NVTA Comment/Review of Questionnaire	NVTA	1 week	Week 4
3. Questionnaire Approved	NVTA	1 day	Week 4
4. Programming & Testing	HMS	3-5 days	Week 5
5. Data Collection	HMS	7-10 days	Week 5-6
6. Data Processing and analysis	HMS	2 weeks	Week 7-8
7. Topline Interview Schedule Delivered	HMS	1 day	Week 7
8. Draft Report Delivered	HMS	1 day	Week 9
9. Draft Report Presented	HMS	1 day	Week 10
10. NVTA Comment/Review of Draft Report	NVTA	2-3 days	Week 10
11. Final Report Delivered	HMS	2 days (depending on feedback)	Week 11

Pricing

Pricing for the study specifications described above is provided below (see attachment for details).

Activity	Cost
AECOM project management and coordination (40 hours)	\$9,166
NVTA Tracking Research (8 minute questionnaire; n=600)	\$39,600
Optional: Additional in-person presentation (if needed, beyond the one already included in this project)	\$1,000 each
Optional: Media event with in-person presentation (allowance based on 60 hours staff time + presentation)	\$11,776
Optional: Video development (staff time allowance + production allowance)	\$23,876

Costs are based on listed specifications and assumptions. Significant changes in project specifications (e.g., length of instrument/guide, sample size, incidence, screening criteria, quotas, geography, number of reports and presentations, etc.), and/or engagement assumptions may necessitate re-estimation of price.

If you have any questions or wish to discuss these plans, I can be contacted by telephone at 703-340-3059 or by email at Jason.Mumford@aecom.com.

Very truly yours,



Jason Mumford
Vice President
AECOM Technical Services, Inc.

Attachment: Pricing Detail

NVTA Tracking Survey 2019

	AECOM		H&M	Totals by Task
	PM	Event Planner	Cost	
	Mumford	Zapata		
	\$ 229.15	\$ 102.32		
AECOM project management	40			\$ 9,166
H&M Tracking Survey			\$39,600	\$ 39,600
Optional: Additional Presentation			\$1,000	\$ 1,000
Optional: Media Event with Presentation*	20	40	\$1,000	\$ 11,776
Optional: Video Presentation and Production**	20	40	\$5,000	\$ 23,876
<i>*Media Event - Other Direct Costs included in Task Total</i>				\$ 2,100
Print materials and sound/video setup	\$ 2,000			\$ 2,000
Travel allowance	\$ 50		\$ 50	\$ 100
<i>**Video Presentation and Production - Other Direct Costs included in Task Total</i>				\$ 10,200
Video footage, editing and production	\$ 10,000			\$ 10,000
Travel allowance	\$ 100		\$ 100	\$ 200

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members, NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: September 13, 2019

SUBJECT: Direct Investment Purchases: Investment Policy Change

1. **Purpose:** To seek Northern Virginia Transportation Authority (NVTA) Finance Committee recommendation of changes to the Investment Policy to allow for the direct (electronic) purchase of investments through the Bloomberg terminal.
2. **Suggested Motion:** *I move Finance Committee recommendation of Authority approval of the attached changes to the Authority's Investment Policy (Policy 13).*
3. **Background:**
 - a. Purchase of investments directly (electronically) through the Bloomberg investment management platform, would deliver;
 - (i) **Enhanced Security and Oversight:** Direct Purchases (and the adding of a second Bloomberg terminal) allows the CFO increased oversight, enhanced review of transactions and provides a more transparent audit trail, to ensure compliance with Code of Virginia and NVTA's Investment Policy.
 - (ii) **Increased Price Transparency and Savings:** Direct Purchases offer greater access to market transparency (broker quotes are listed side-by-side), which means more competition, and can lower NVTA's costs by as much as \$400,000 annually on NVTA's \$1 billion portfolio, at an additional cost of \$21,000.
 - (iii) **Increased Efficiency:** With Direct Purchases, NVTA staff can spend more time finding and securing investment value, and less on bargaining and reviewing broker sales literature, or taking sales calls.
 - b. These policy changes put electronic transactions on equal footing with voice transactions in the investment policy. The changes are marked on pages 2, 4 and 6 of the attached policy draft and serve the purpose of:
 - i. Amending the General Section to recognize that direct investments made through the Bloomberg platform are considered competitive. (Page 6.)
 - ii. Restricting Bloomberg transactions to brokers/firms on NVTA's approved list. (Page 4.)

- iii. Provide the Investment Monitor access to an audit version of the Bloomberg terminal to independently review investment activity and monitor transactions. (Page 2.)
- iv. There are no changes to the Policy requirement that all investment purchases occur on a delivery versus payment basis. (Page 11.)

Attachment: Policy 13 – Investment Policy (with draft changes)



Northern Virginia Transportation Authority
The Authority for Transportation in Northern Virginia

Northern Virginia Transportation Authority

Investment Policy

DRAFT

Adopted: December 11, 2014
Revised: April 11, 2019

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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Attachments

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INVESTMENT POLICY

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.

ROLE OF THE CHIEF FINANCIAL OFFICER

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 is required to file a statement of economic interest annually with the Authority Administrative Assistant/Clerk by no later than January 15 (§2.2-3116). The CFO may require any employee of the Authority entrusted with the investment of Authority funds to file a similar statement. 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 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, with which to confirm all investment balances, purchases, maturities, sales and trades.

ROLE OF THE FINANCE COMMITTEE

The Finance Committee is established 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 Statement of Accountability. The makeup of the Finance Committee is specified in the 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
- Custody 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.

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 the 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 proceeds 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:

1. Make cash draws from the appropriate SNAP account based on the Authority general ledger activity.
2. Establish and manage arbitrage rebate accounts to cover projected IRS rebate liability.
3. Provide the most accurate information to the Arbitrage Rebate Calculation Agent based on the Authority general ledger activity.
4. Return any erroneously drawn funds to the appropriate SNAP account within five (5) months, if the underlying expense is retracted by a member jurisdiction.
5. 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.

1. Banks must be "qualified public depositories" as defined in the *Code of Virginia* §2.2-4401 Security for Public Deposits.
2. 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.
3. The CFO will conduct a biannual 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 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 Purchases of investments through the Bloomberg Terminal.

Further, authorized financial institutions will:

1. Maintain compliance with FINRA Net Capital Requirements for Brokers or Dealers - SEC Rule 15c3-1.
2. Any broker must maintain an active registration in good standing with FINRA.

3. Achieve a successful review, by the Authority, of individual broker records as posted by FINRA.
4. 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.
5. 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 will be both the Fed Funds Rate and the Treasury 90 Day T-Bill rate. Comparisons to the Virginia State Non-Arbitrage Program (SNAP) and the Virginia Local Government Investment Pool (LGIP) will be maintained as they are both highly liquid investment pools operated in compliance with the Code of Virginia.

DRAFT

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 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 amount 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 instructed to mail trade confirmations or similar documentation to the Authority Administrative Assistant/Clerk. The Administrative Assistant will show all trade confirmations to the Executive Director, keep a copy on file and provide the originals to the Authority Assistant Finance Officer for entry into the accounting system.

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:

1. 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.
 - a. 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.
 - b. 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.

2. At no time, shall more than thirty-five percent of the portfolio be invested in commercial paper.
3. No more than five (5) percent of the portfolio shall be invested in the commercial paper of a single entity.
4. 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.
5. 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.
6. 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.
7. The CFO shall use the average of the three-month Treasury bill auctions for a quarter as a benchmark for the return on the investment portfolio.
8. All investments with the sole exception of bank deposits 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 may 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:

1. 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.
2. 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.
3. 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.

4. 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 2 (§ 26-5.3 et seq.) of Chapter 3 of Title 26, 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.

5. 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 evidence 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.
6. 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 (§58.1-3149 and §2.2-4400).

7. Repurchase agreements which are collateralized with securities that are approved for direct investment. The Treasurer may require that physical possession of the collateral be taken (§2.2-4507). Physical possession must be taken when the term of the repurchase agreement exceeds ten (10) days. The Treasurer shall execute a master repurchase agreement with the bank or broker/dealer, which is the counterparty to the repurchase transaction prior to entering into any repurchase transaction.
8. Banker's acceptances from "prime quality" institutions. Prime quality shall be as determined by one or more nationally recognized rating agencies (§2.2-4504).
9. "Prime quality" commercial paper (§2.2-4503). "Prime quality" shall be defined by at least two (2) of the following: Moody's Investor Service, Inc., within its NCO/Moody's rating of P1, by Standard & Poor's, Inc., within its rating of A-1, by Fitch Investor's Services, Inc., within its rating of F-1, by Duff and Phelps, Inc., within its rating of D-1, or by their corporate successors (§2.2-4502.3).
10. "High quality" corporate notes (§2.2-4504). High quality shall be defined as a rating of at least AA by Standard and Poor's, at least Aa by Moody's and a maturity of no more than five (5) years. All investments shall be rated by at least two rating agencies.
11. Certificates representing ownership in either treasury bond principal at maturity or its coupons for accrual periods. The underlying United States Treasury bonds or coupons shall be held by a safekeeping agent independent of the seller of the certificates (§2.2-4505).
12. 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.
13. 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.
14. Open-end mutual funds, provided the funds are registered under the Security Act of Virginia 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).
15. Negotiable certifications of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least A-1 by Standard & Poor's, P-1 by Moody's Investor Service, Inc., and F-1, by Duff and Phelps, Inc., for maturities of one year or less, and a rating of at least AA by Standard & Poor's and Aa

by Moody's Investor Service, Inc., for maturities over one year and not exceeding five years (§2.2-4509).

16. Non-negotiable certificates of deposit of banks certified as qualified to hold Virginia Public Deposits.

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, then 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 evidences of indebtedness of the Commonwealth of Virginia	60 months or less	75%
Stocks, bonds, notes and other evidences of indebtedness of the United States	60 months or less	100%
Stocks, bonds, notes and other evidences of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth of Virginia	36 months or less	75%
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.	36 months or less	75%
Savings accounts or time deposits (CDs) in any bank or savings and loan association within the Commonwealth of Virginia	24 months or less	60%
Repurchase Agreements	12 months or less	20%

<u>Class</u>	<u>Length</u>	<u>Percent of total portfolio & cash</u>
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	36 months or less	50%
Certificates representing ownership in either treasury bond principal at maturity or its coupons for accrual periods	36 months or less	25%
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.
The State Non-Arbitrage Pool (SNAP)	N/A	100% of bond proceeds or debt related reserve account
Negotiable certificates of deposit 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.

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.

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, 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 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.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

SUBJECT: Direct Investment Purchases: Budget Amendments

DATE: September 13, 2019

- 1) **Purpose:** To seek Northern Virginia Transportation Authority (NVTA) Finance Committee approval of a budget transfer to enable the implementation of Investment Management and Monitoring Services needed to pursue Direct (electronic) Purchases.
- 2) **Suggested Motion:** I move Finance Committee recommendation of Authority approval of a \$21,261.91 transfer from the NVTA Operating Reserve as detailed in Table 1 below.
- 3) **Background:**
 - a) The NVTA investment portfolio has reached more than \$1 billion in size and today requires enhanced security and oversight, and improved price transparency, more comparable to other funds its size.
 - **Enhanced Oversight** CFO level oversight (electronically with a Bloomberg terminal), improves coordination and analysis with staff, adds another audit trail, and improves how quickly NVTA can respond to market opportunities.
 - **Price Transparency** Direct Purchases using the Bloomberg terminal offers lower costs (by creating more competition between brokers and reducing broker commissions) as well as improving deal capture by avoiding lengthy negotiations or sales calls.
 - **Performance Analysis** Direct Purchases monitoring platforms allow for more deep analysis of transactions (pinpointing which brokers and counterparties gave the best transactions or pricing).
 - b) The NVTA Five Year Strategic Plan in Goal IV calls for; 'Supporting transportation infrastructure development through excellent stewardship of tax payer dollars, maximizing opportunities from existing sources... '.
 - c) Interest income from the NVTA portfolio exceeded the FY2019 Budget Projection by \$12 million (unaudited) in realized income.
 - d) The subscription/direct purchase tools have an additional benefit of improved pricing for securities leading to greater yield. The greater yield will generate as much as \$400,000.00 in additional interest income for the Regional Revenue Fund (70%).

- 4) **Proposed Transfer:** After conducting significant research into Direct Purchases, NVTA staff have determined the best combination of tools to implement this strategy would be to add a second Bloomberg Anywhere subscription with real time pricing, and expanding the Inter Continental Exchange (ICE) Best Ex Reporting Service subscription.
- a) The transfer noted in Table 1 below, will fund the implementation of the investment tools for the final 8 months of this fiscal year.
 - b) The FY2020 cost of the additional subscriptions and one-time implementation costs (to be funded from the Operating Reserve) is \$21,261.91
 - c) The Operating Reserve will be replenished as part of the FY2021 Operating Budget.
 - d) The ongoing annual costs for all investment services, starting in FY2021 are estimated at \$52,344.40.

Table 1			
Investment Management Platform Subscription Costs (Transfer From Operating Reserve)			
	Current FY2020	Revised FY2020	FY2021
Bloomberg Anywhere Subscription	\$ 25,680.00	\$ 40,080.00	\$ 47,280.00
Bloomberg Real Time Pricing Module	\$ 1,530.00	\$ 2,719.60	\$ 3,314.40
Bloomberg One time Installation Fee		\$ 50.00	
Computer		\$ 3,272.31	
ICE Best Ex Reporting Service		\$ 1,750.00	\$ 1,750.00
Monitor		\$ 600.00	
Budget Amount	\$27,210.00	\$48,471.91	\$52,344.40
One time		\$ 3,922.31	
FY2020 Budget Transfer Amount		\$21,261.91	

- 5) **Next Steps.**
- a) With concurrence of the Finance Committee, the proposed transfer will be presented to the Authority at its October meeting.
 - b) If the Authority approves the transfer in October the service can be implemented in November.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

SUBJECT: Office Lease Renewal

DATE: September 13, 2019

- 1) **Purpose:** To seek Northern Virginia Transportation Authority (NVTA) Finance Committee approval of an office lease renewal with the Northern Virginia Regional Commission (NVRC).
- 2) **Suggested Motion:** I move Finance Committee recommendation of Authority approval of the attached office lease renewal with NVRC.
- 3) **Background:**
 - a) NVTA entered an office lease with NVRC in March 2015, with the effective start of the lease postdated to October 6, 2014.
 - b) The five year period of the current lease expires on October 31, 2019.
 - c) In preparation for the lease renewal discussions, NVTA staff presented a lease analysis to the Finance Committee at the September 2018 meeting. That analysis concluded the current lease and escalation clauses were consistent with the surrounding commercial market.
 - d) The proposed lease renewal includes changes in future renewal option periods, clearer delineation of shared and non-shared spaces and common area costs, consistent with Finance Committee guidance.
 - e) The proposed lease renewal has two base years and three approximately one year renewal options making the maximum term August 5, 2025. The years referenced in the lease do not directly coincide with calendar years or fiscal years.
 - f) Exhibit 4.3 on the attached lease amendment shows the annual lease costs of \$169,000 for the year starting October 6, 2019 with increases to \$191,000 for the final (2025) term of the lease.
 - g) With a Finance Committee recommendation, the lease renewal will be presented to the Authority for approval at the October meeting.

Attachment: NVRC Lease Amendment Dated September 4, 2019

3040 Williams Drive, Suite 200
Fairfax, Virginia 22031
www.novaregion.org



Voice: 703-642-0700
Fax: 703-642-5077

Northern Virginia Regional Commission

September 4, 2019

Ms. Monica Backmon
Executive Director
Northern Virginia Transportation Authority
3040 Williams Drive, Suite 200
Fairfax VA 22031

RE: Amendment #4 to the Service Agreement commencing October 6, 2014 between Northern Virginia Regional Commission (NVRC) and Northern Virginia Transportation Authority (NVTA) administration/management.

Dear Ms. Backmon:

Pursuant to the Amendments section of the above-referenced Agreement, this letter confirms and seeks your acknowledgement of changes to the Agreement as follows:

The Agreement Period End Date is extended from October 31, 2019 to October 31, 2021, with the mutual understanding that NVTA shall have the option to extend this Agreement further, in increments of one year or more, or until August 5, 2025, whichever comes first.

Description of facilities and services you are paying for. "Use of the following offices" is amended to add offices #223, #231, and #234, effective August 16, 2019. Billable square feet is accordingly increased from 4,725 to 6,022; the proportional share of the building core factor and in-suite common area is increased from 25.2% to 32.13%; and Exhibit A is replaced by Exhibit 4.1 "NVRC Co-locators Square Footage Calculations, Clover Architecture, August 23, 2019."

Monthly rent for August, September and October 2019 shall be as specified in Exhibit 4.2: "NVTA rent calculation through end of current term" and, for periods after October 31, 2019, as specified in Exhibit 4.3: "NVTA Schedule of Base Rent at 3040 Williams Drive," provided there are no changes in NVTA's Rentable Square Feet.

Supporting these calculations are the following additional attachments: Exhibit 4.4: "NVRC Suite room assignments and SF, Clover Architecture, August 23, 2019," and Exhibit 4.5: a graphic depiction of occupancy by tenant within the NVRC Suite as of August 16, 2019.

In all other respects, the terms and conditions of the original Agreement not altered by these amendments remain unchanged and are in full force and effect.

To signify your acceptance of these amendments, please sign a copy of this letter and return it to me at your earliest convenience.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert W. Lazaro, Jr.", is written over the word "Sincerely,".

Robert W. Lazaro, Jr.
Executive Director

Accepted By:

Monica Backmon
Executive Director, NVTA

Date:

Exhibit 4.1

NVRC Co-locators Square Footage Calculations
 Clover Architecture
 August 23, 2019

18,746 RSF for NVRC suite as confirmed by Building Owner
 15,632 USF for suite
 19.92% Building Core Factor 15,632 * 1.1992 = 18,746

4,630 NVRC net SF assigned spaces	Percentage of Total net SF assigned spaces
2,288 NVTA net SF assigned spaces	65.01%
204 HSA net SF assigned space	32.13%
7,122 Total net SF assigned spaces	2.86%
	100.00%

15,632 USF for suite
 (7,122) Total net SF assigned spaces
 8,510 Total SF "common area" for all tenants

2,288 NVTA net SF assigned spaces	
2,734 32.13 % common area	
5,022 NVTA USF	
1,000 Building Core Factor	5,022 * 1.1992 = 6,022
6,022 RSF for NVTA	

TERMS

RSF: Rentable Square Footage, includes building core factor

USF: Usable Square Footage, measurement of the floor area as occupied, using industry standard BOMA method

Core factor: Tenant's pro-rata share of building and floor common areas, per BOMA

Common area: Area within the tenant space, out side "net office area". Includes circulation corridors, conference and meeting areas, pantry, and ancillary support areas (i.e., mechanical, AV, chair storage)

Exhibit 4.2

NVTA rent calculation through end of current term August 23, 2019

				Annual rate Per SF*	Annualized Amount	Monthly rent payable	Prorated portions as applicable
Year 5	through August 15, 2019	15/31 days	4,725 SF	29.25	138,206.25	11,517.19	5,572.83
Year 5	from August 16, 2019 through August 31, 2019 (expansion under original agreement term)	16/31 days	6,022 SF	29.25	176,143.50	14,678.63	7,576.06
					LESS "Expansion Discount"		516.13
						TOTAL rent Payable August 2019:	13,148.90
Year 5	September 2019	30/30 days	6,022 SF	29.25	176,143.50	14,678.63	14,678.63
					LESS "Expansion Discount"		(1,000.00)
						TOTAL rent payable September 2019:	13,678.63
Year 5	from October 1 through October 5, 2019	5/31 days	6,022 SF	29.25	176,143.50	14,678.63	2,367.52
Year 6	from October 6 through October 31, 2019	26/31 days	6,022 SF	29.98	180,539.56	15,044.96	12,618.36
					LESS "Expansion Discount"		(1,000.00)
						TOTAL rent payable October 2019:	13,985.88

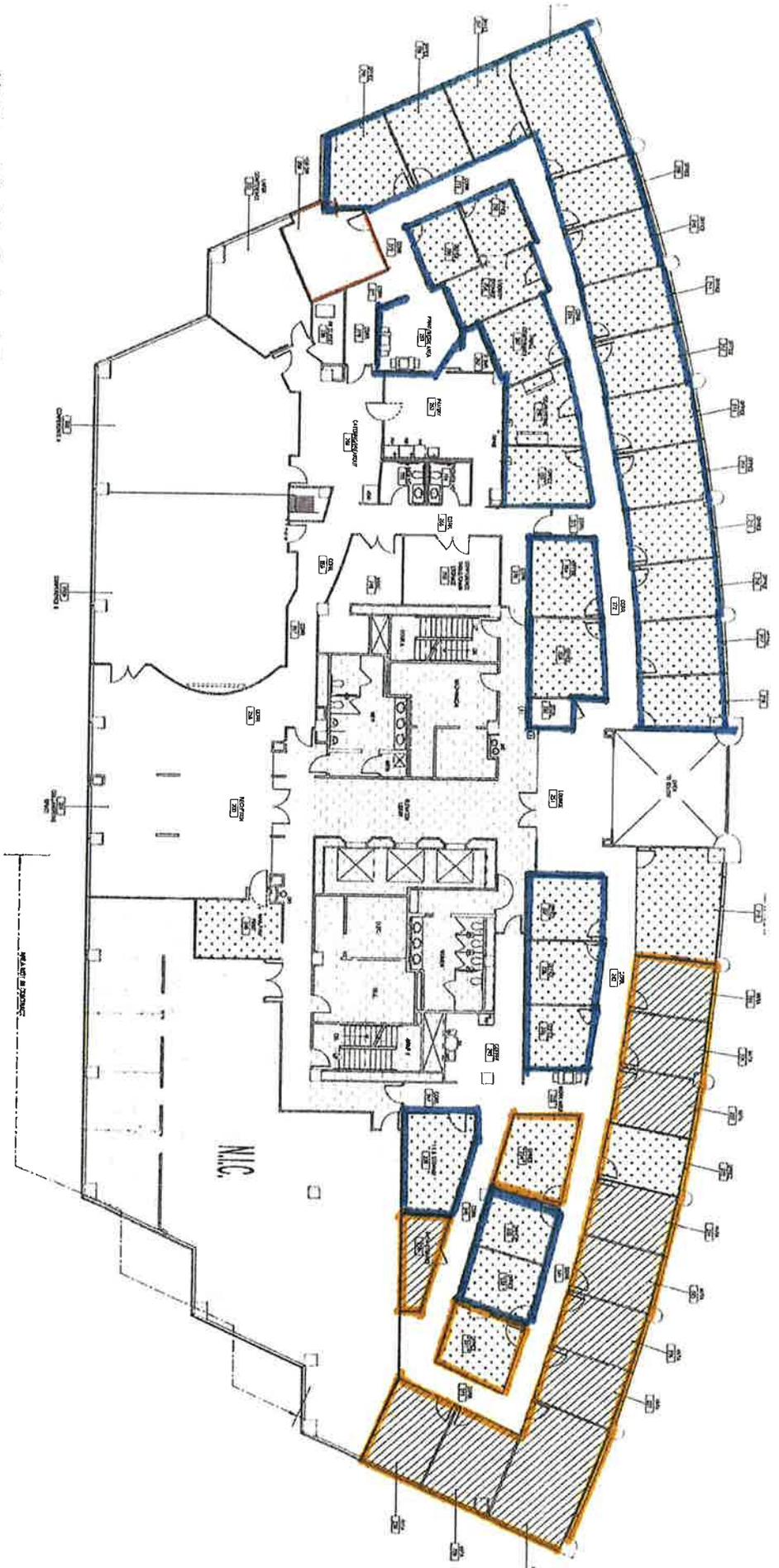
Exhibit 4.3

NVTA Schedule of Base Rent at 3040 Williams Drive
August 23, 2019

		Annual rate Per SF*	Annualized Amount @ 6,022 SF	LESS Annualized "Expansion Discount"	Adjusted Annualized Rent	Monthly Rent Payable **
Year 6	October 6, 2019 - October 5, 2020	29.98	180,539.56	(12,000.00)	168,539.56	14,044.96
Year 7	October 6, 2020 - October 5, 2021	30.73	185,056.06	(12,300.00)	172,756.06	14,396.34
Year 8	October 6, 2021 - October 5, 2022	31.50	189,693.00	(12,607.50)	177,085.50	14,757.13
Year 9	October 6, 2022 - October 5, 2023	32.29	194,450.38	(12,922.69)	181,527.69	15,127.31
Year 10	October 6, 2023 - October 5, 2024	33.10	199,328.20	(13,245.75)	186,082.45	15,506.87
(Partial) Year 11	October 6, 2024 - August 5, 2025	33.92	204,266.24	(13,576.90)	190,689.34	15,890.78

* Per NVRC base lease

** Rent payable for each October will be prorated for 2 rental rate periods



Northern Virginia Regional Commission 3040 Williams Drive 2nd Floor
collocators plan 02 MAY 17

NET OFFICE AREAS

- NVRC
- NVTA
- HSA

Disregard patterns; color outlines signify occupancy by tenant

AR K T X
no scale

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chairman Parrish and Members of the NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: September 13, 2019

SUBJECT: Policy 29 - Project Activation, Monitoring and De-Appropriation, First Status Report

1. **Purpose:** To update the Northern Virginia Transportation Authority (NVTA) Finance Committee on the status of project compliance with Policy 29 - Project Activation, Monitoring and De-Appropriation.
2. **Background:** Policy 29 was in development for approximately two years prior to the Finance Committee recommending Authority adoption at their March 2019 meeting. The Authority adopted the Policy at the April 2019 meeting. At the Finance Committee's June 2019 meeting, Chairman Parrish queried the Committee Members if there was a desire to see a status report in September. The Committee unanimously agreed and staff was directed to prepare a report.
3. **Comments:**
 - a. Policy 29 is the product of a lengthy and transparent development process.
 - b. Objectives of the policy were to establish clear communications regarding the status and if appropriate, challenges which face NVTA funded project phases. These are accomplished through:
 - i. Prompt execution of Standard Project Agreements (SPA's) by project sponsors, once the Authority appropriates funds to a project.
 - ii. Substantive utilization of NVTA funds to meet project objectives starting within an 18 month period and continuing thereafter.
 - iii. Maintenance of clear communication through updates of project status via reports and meetings as well as maintenance of up to date SPA Appendix A's and B's.
 - c. Every active project through all funding cycles was reviewed for this report.
 - d. It must be noted that many project sponsors, seeing and participating in the development of Policy 29, made significant efforts to bring their projects into compliance with the Policy while it was under discussion at multiple Regional Jurisdiction and Agency Coordinating Committee (RJACC) meetings, as well as while the

draft was under review by the Finance Committee and before the draft was adopted by the Authority.

- e. These proactive project sponsor efforts were noticeable in:
 - i. An increase in frequency and detail in jurisdiction/agency in person project briefings.
 - ii. An increase in the frequency of written updates and information detail submitted for the monthly Executive Director's report.
 - iii. An increase in project reimbursement requests.
 - iv. A significant spike in updates to SPA Appendix A's & B's.
 - v. Project sponsors requesting appropriation changes to maintain policy compliance.
 - vi. An acceleration in project close-outs (representing the completion of the project or NVTA funded phase).

4. Report Analysis:

- i. Three project sponsors; Arlington, Town of Herndon and Fairfax County have reportable project(s) in the attached analysis. Only the projects with Policy 29 violations or exceptions are listed. To recap the analysis:
 - 1. Arlington County has one project in violation of Policy 29 (Ballston Metrorail West Entrance). This project, funded in the FY2015/16 Program and appropriated April 2015, had shown little activity until very recently. Arlington County reports it is now the project lead for design and construction following transfer of the project from a private developer. County staff is developing a path forward, including a revised financial plan which will not be entirely dependent on NVTA funding for construction. A key factor in the path forward under County project delivery will be a documented statement from the WMATA General Manager that WMATA can commit the resources needed to achieve the County updated project schedule, which targets construction completion in April 2025.
 - 2. Town of Herndon has three projects in violation of Policy 29. When notified of the policy status, the Town staff, with support from VDOT, promptly provided action steps and updated documentation. Additionally, the Town has shown the capacity to absorb or mitigate any cost increases without increased NVTA funding.
 - 3. Fairfax County has 12 projects with Policy 29 violations or concerns. On September 6th, County staff provided numerous documents to address the violations and concerns. NVTA staff look forward to meeting with County staff to complete a review of these documents and gather more information on actual project status.

- ii. During the preparation of the Policy 29 analysis, two WMATA projects were reviewed. While not included in the Policy 29 violation analysis, the reviewed raised separate significant questions.
 - 1. Orange Line Traction Power Upgrades:
 - a. Reimbursements halted due to questions related to internal WMATA cost allocations.
 - b. Funding sources are being reviewed for compliance with NVTA Resolution 14-8.
 - c. Project scope compliance is being reviewed relative to 100 percent eight car trains.
 - 2. Blue Line Traction Power Upgrades.
 - a. Funding sources are being reviewed for compliance with NVTA Resolution 14-8.
 - b. Project scope compliance is being reviewed relative to 'consistent deployment of eight-car trains'.
 - 3. WMATA staff have been asked to provide information related to the questions on these projects.

Attachment: Policy 29 Compliance Report Dated Sept. 11, 2019

**Policy 29 – Compliance Report
Dated: September 11, 2019**

Jurisdiction: Arlington County

Funding Program	Project	Status	Action
FY2015/16 Appropriated – April 2015	Ballston Metrorail W. Entrance	\$12m appropriated, \$37,643 reimbursed.	<p>Project is in violation of Policy 29. While the County is taking over project management, the project cannot be completed without WMATA’s active involvement. The now County led project has a construction completion target of April 2025, with additional time for WMATA Acceptance and Testing through June 2025.</p> <p>A key factor in the path forward under County project delivery will be a documented statement from the WMATA General Manager that WMATA can commit the resources needed to achieve the County updated project schedule, which targets construction completion in April 2025.</p> <p>Recent conversations with County staff note the County’s regain of project delivery control from a private developer and forward progress on design/PE, as well as a commitment to proceeding with the project on a design build basis to accelerate project delivery. Project costs to complete, status of other funding sources and significantly increased local funding commitments are all under discussion.</p>

Jurisdiction: Town of Herndon

Funding Program		Project	Status	Action
FY2014 Appropriated – July 2013	Herndon Metrorail Intermodal Access Improvements	\$1.1m appropriated, \$0 reimbursements.	Project is in violation of Policy 29. Prior to start of Policy 29 analysis the Town provided updated Appendix A & B's. NVTAs funded project phase (ROW) is expected to have significant progress in FY2020. Town has documented capacity to manage/absorb current and potential cost escalations. Project will be monitored closely for progress.	
	Intersection Improvements (Herndon Pkwy/Van Buren)	\$500K appropriated 5.2% drawn down	Project is in violation of Policy 29. Prior to start of Policy 29 analysis the Town provided updated Appendix A & B's. NVTAs funded project phase (PE/ROW) is expected to conclude in FY2020. Town has documented capacity to manage/absorb current and potential cost escalations. Project will be monitored closely for progress.	
FY2015/16 Appropriated – April 2015	East Elden Widening and Improvements	\$10.4m appropriated, \$0 reimbursements	Project is in violation of Policy 29. Extensive discussions have occurred with Town staff, supported by VDOT staff, resulting in revised Appendix A & B's, (Schedule) and documented capacity of the Town to manage/absorb current and potential cost escalations. Project will be monitored closely for progress. Expecting significant activity in FY2020.	

Jurisdiction: Fairfax County

Funding Program	Project	Status	Action
FY2014 Appropriated – July 2013	Innovation Metrorail	\$41m appropriated / \$37.7m reimbursed – Last Reimbursement Over 18 months Ago (December 2017), Out of Date Appendix A & B	Request County present reimbursement requests, update Appendix A & B or close out project.
FY2015/16 Appropriated – April 2015	Rt 28 Widening (PWC Line to Rt 29)	\$5m appropriated, \$1.96m reimbursed. Last reimbursement was 18 months ago. June 2019 reimbursement has invoices from 2 years ago requiring extensive NVTA staff review. Out of Date Appendix A & B	Request County present reimbursements as they occur not delay two years. Update Appendix A & B
	Innovation Metrorail	\$28m appropriated / \$27.8m expended – Last Reimbursement 14 Months Ago (June 2018), Out of Date Appendix A & B	Request County present reimbursement requests, update Appendix A & B or close out project.
FY2017 Appropriated – July 2016	Rt 286 Fairfax County Pkwy	\$10m appropriation, \$0 reimbursements, Out of Date Appendix A & B	Project is in violation of Policy 29. County needs to correct by providing status update and updated Appendix A & B
	Rt 28 Widening (PWC Line to Rt 29)	\$5m appropriation, \$0 reimbursements, Out of Date Appendix A & B	Project is in violation of Policy 29. County needs to correct by providing status update and updated Appendix A & B
	Rt 7 Widening (Colvin Forest to Jarrett Valley)	\$10m appropriation, \$0 reimbursements, Out of Date Appendix A & B	Project is in violation of Policy 29. County needs to correct by providing status update and updated Appendix A & B
FY2018/2023 SYP Appropriated – June 2018	Richmond Hwy BRT	\$250m appropriation, No FY2019 Reimbursement Requested, Out of Date Appendix A & B	County needs to request appropriation in first year of expected expenditure and update Appendix A & B

Appropriated – April 2019	Rock Hill Road Bridge	\$15.7m appropriation, no SPA presented as required for FY2020 appropriation	Project is in violation of Policy 29. County needs to correct by presenting an SPA or requesting de-appropriation to a future fiscal year
Appropriated – April 2019	Rolling Road Widening	\$11.1m appropriated, required SPA corrections discussed on August 1 st not completed.	Project is in violation of Policy 29. County needs to correct by making needed edits to draft SPA.
Appropriated – April 2019	FC Pkwy W/Popes Head Interchange	\$67m appropriated, required SPA corrections discussed on August 1 st not completed.	Project is in violation of Policy 29. County needs to correct by making needed edits to draft SPA.
Appropriated – April 2019	Rt 1, Mt Vernon to Napper	\$127m appropriated, required SPA corrections, and analysis of potential scope change discussed on August 1 st not completed.	Project is in violation of Policy 29. County needs to correct by responding to scope change questions.
Appropriated – April 2019	Frontier Dr. Ext	\$25m appropriated, required SPA corrections discussed on August 1 st not completed.	Project is in violation of Policy 29. County needs to correct by making needed edits to draft SPA.

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

TO: Chairman Parrish and Members, NVTA Finance Committee
FROM: Richard Stavros, Investment & Debt Manager
DATE: September 13, 2019
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 July 31, 2019.

1) Background:

- a. This report is on investment activity through July 2019 and affirms the portfolio investments were acquired on the basis of safety, liquidity and then yield. This report summarizes the portfolio structure, and adherence to the NVTA Investment Policy.
- b. Additionally, a monthly report is attached which complies with all reporting requirements prescribed in the NVTA Investment Policy.

2) Current Period Reports:

- a. The safety of the portfolio is reflected in the actual composition of the portfolio as shown below:

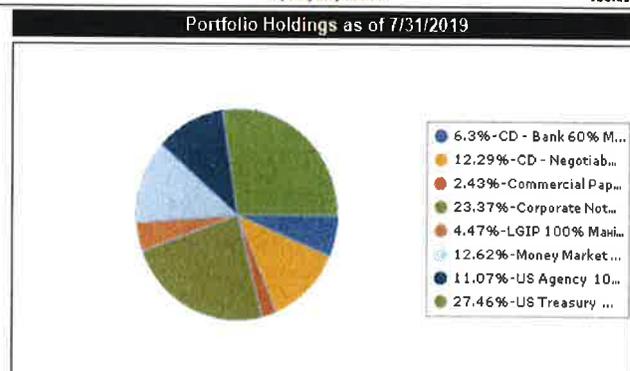
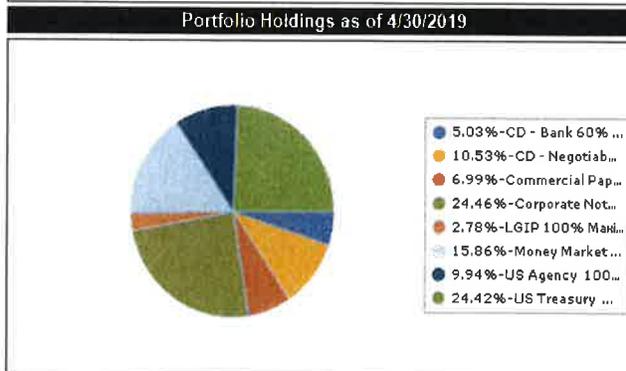


**Northern Virginia Transportation Authority
 Distribution by Asset Category - Book Value**

Report Group: Regional Revenue

Begin Date: 4/30/2019, End Date: 7/31/2019

Asset Category Allocation				
Asset Category	Book Value 4/30/2019	% of Portfolio 4/30/2019	Book Value 7/31/2019	% of Portfolio 7/31/2019
CD - Bank 60% Maximum	50,137,423.53	5.03	65,137,423.53	6.30
CD - Negotiable 25% Maximum	105,002,950.68	10.53	127,001,933.29	12.29
Commercial Paper 30% / 5% Maximum	69,694,504.89	6.99	25,111,050.62	2.43
Corporate Notes 50% Maximum	244,036,166.95	24.46	241,631,947.08	23.37
LGIP 100% Maximum	27,715,245.20	2.78	46,184,874.95	4.47
Money Market 60% Maximum	158,209,673.10	15.86	130,425,030.50	12.62
US Agency 100% Maximum	99,198,944.54	9.94	114,415,397.08	11.07
US Treasury 100% Maximum	243,592,311.96	24.42	283,887,973.90	27.46
Total / Average	997,587,220.85	100.00	1,033,795,630.95	100.00



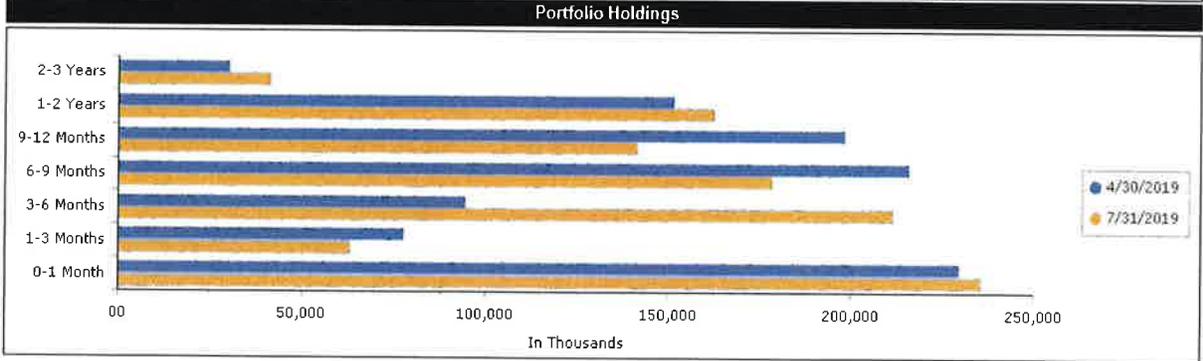
- b. The liquidity of the portfolio is reflected in the portfolio's duration of .56 (1.0 = 1 year) and the maturity schedule shown below:



**Northern Virginia Transportation Authority
Distribution by Maturity Range - Book Value
Report Group: Regional Revenue**

Begin Date: 4/30/2019, End Date: 7/31/2019

Maturity Range Allocation				
Maturity Range	Book Value 4/30/2019	% of Portfolio 4/30/2019	Book Value 7/31/2019	% of Portfolio 7/31/2019
0-1 Month	229,922,415.62	23.05	235,795,909.23	22.81
1-3 Months	77,674,839.69	7.79	62,954,597.78	6.09
3-6 Months	94,326,486.85	9.46	211,315,239.01	20.44
6-9 Months	215,900,464.72	21.64	178,478,694.01	17.26
9-12 Months	198,176,519.17	19.87	141,687,765.46	13.71
1-2 Years	151,599,539.66	15.20	162,327,874.07	15.70
2-3 Years	29,986,955.14	3.01	41,235,551.39	3.99
Total / Average	997,587,220.85	100.00	1,033,795,630.95	100.00



- c. The yield on the portfolio at the end of July 2019 was 2.55%. The NVTA's Investment Policy specifies the benchmarks shown below for yield performance comparison:

NVTA Investment Benchmarks	Jul-19 Month End
Fed Funds Rate	2.39%
U.S. Treasury 90 Day T Bill	2.16%
2-Year U.S. Treasury	1.62%
Local Government Investment Pool	2.43%
Virginia State Non-Arbitrage Program	2.45%
NVTA Performance	2.55%

Source: Bloomberg, Fund Statements

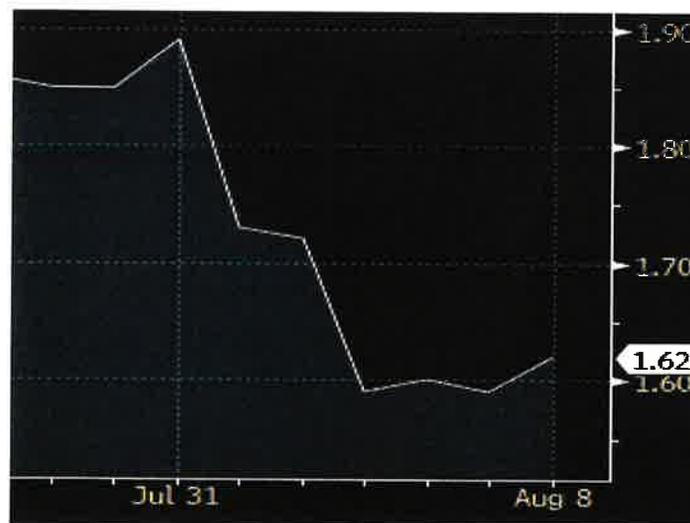
- a) **Safety:** The portfolio is invested primarily in;
 - i) AAA/AA rated U.S. Treasury and Agency Bonds
 - ii) AAA/AA rated investment grade corporate bonds
 - iii) Collateralized bank money market accounts.

- b) **Liquidity:**
 - i) Since our last report on May 10, the NVTA Portfolio average duration has been flat at .56 or a little more than 6 months – reflecting U.S. Treasury purchases that replaced called Agency securities.
 - ii) As noted previously, analysis of forward transportation project liabilities (reimbursements) associated with the Six Year Program found that the portfolio has the flexibility to extend modestly to 2-3 year maturities (4% of the portfolio presently).

- c) **Yield:**
 - i) **Fed Rate Cuts:** The Federal Reserve (FOMC) on July 31, 2019 lowered its benchmark Fed Funds rate by a quarter point, dropping the target range to 2% to 2.25%, in response to an apparent global growth slowdown, the tariff war and muted inflation. The central bank has reversed its previous hawkishness, and markets now are predicting more Fed rate cuts in the next few months (there is even speculation of negative rates as in Europe) which will challenge portfolio performance.

 - ii) **Rate Strategy Update:** The 2-year Treasury has suffered an unprecedented 65 basis point decline to 1.62% from 2.27%, since our last report, see chart. As we noted in the June meeting, our rate shock model anticipated a decline, and we took steps to preserve value and reduce risk by increasing our Treasury holdings. But NVTA's portfolio performance will ultimately decline with the market.

Bloomberg Constant Maturity 2-Year U.S. Treasury Index



- 3) Custodian Certification:** BB&T Retirement & Institutional Services is the custodian of all of NVTA's investment purchases and is where all of NVTA's non-deposit investments are held. Deposit type investments are protected through the Commonwealth of Virginia collateralization program or FDIC Insurance.
- 4) Policy Required Reports:** The attached Compliance - GASB 40 Report addresses specific Investment Policy requirements regarding the purchase and holding of securities. The attached report, documents:
- a. Compliance – Investment Policy, Summary.** The report shows the percentage of the portfolio by each type of investment.
 - b. Investment Portfolio – By Maturity Range.** The report shows the yield to maturity, and percentage of the portfolio which each type of investment represents.
 - c. Portfolio Holdings by Custodian.** This report shows each depository, investment firm or custodian holding NVTA securities or cash.

Attachments: Compliance - GASB 40 Report shows reporting requirements as listed above, and not otherwise presented. This report is also fundamental for the Authority's Annual Financial Statements and annual audit.



Northern Virginia Transportation Authority

Portfolio Holdings Compliance - GASB 40 Report - As of 7/31/2019

Issuer	Face Amount Shares	Book Value	Market Value	Credit Rating 1	Credit Rating 2	Portfolio %	Maturity Date	YTM @ Cost	Duration To Maturity
Certificate Of Deposit									
John Marshall Bank 2.347 10/24/2019	10,000,000.00	10,000,000.00	10,000,000.00	NR	NR	0.97	10/24/2019	2.347	0.23
John Marshall Bank 2.5 8/15/2019	17,500,000.00	17,500,000.00	17,500,000.00	NR	NR	1.69	08/15/2019	2.500	0.04
United Bank 2.6 4/30/2020	15,000,000.00	15,000,000.00	15,000,000.00	NR	NR	1.45	04/30/2020	2.600	0.75
United Bank 2.75 1/17/2020	10,000,000.00	10,000,000.00	10,000,000.00	NR	NR	0.97	01/17/2020	2.750	0.47
United Bank 2.7 3/5/2020	12,637,423.53	12,637,423.53	12,637,423.53	NR	NR	1.22	03/05/2020	2.700	0.60
Sub Total / Average Certificate Of Deposit	65,137,423.53	65,137,423.53	65,137,423.53			6.29		2.577	0.41
Commercial Paper									
CSFB NY 0 10/4/2019	5,476,000.00	5,449,205.63	5,370,883.62	S&P-A1	Moody's-P1	0.53	10/04/2019	2.763	0.18
CSFB NY 0 8/19/2019	9,705,000.00	9,691,119.15	9,552,310.70	S&P-A1	Moody's-P1	0.94	08/19/2019	2.753	0.05
CSFB NY 0 9/6/2019	10,000,000.00	9,970,725.84	9,787,960.16	S&P-A1	Moody's-P1	0.97	09/06/2019	2.910	0.10
Sub Total / Average Commercial Paper	25,181,000.00	25,111,050.62	24,711,154.48			2.43		2.818	0.10
Corporate Bond									
ADP 2.25 9/15/2020	5,000,000.00	4,985,591.68	5,006,050.00	S&P-AA	Moody's-Aa3	0.48	09/15/2020	2.512	1.11
Apple Corp 1.1 8/2/2019	5,000,000.00	4,999,552.85	5,000,000.00	S&P-AA+	Moody's-Aa1	0.48	08/02/2019	2.755	0.01
Apple Corp 1.1 8/2/2019	5,000,000.00	4,999,560.16	5,000,000.00	S&P-AA+	Moody's-Aa1	0.48	08/02/2019	2.727	0.01
Apple Corp 1.5 9/12/2019	4,685,000.00	4,679,893.96	4,680,970.90	S&P-AA+	Moody's-Aa1	0.45	09/12/2019	2.450	0.11
Apple Corp 1.8 11/13/2019	15,000,000.00	14,971,891.10	14,979,450.00	S&P-AA+	Moody's-Aa1	1.45	11/13/2019	2.470	0.28
Apple Corp 1.8 11/13/2019	4,995,000.00	4,985,397.80	4,988,156.85	S&P-AA+	Moody's-Aa1	0.48	11/13/2019	2.488	0.28
Apple Corp 1.8 11/13/2019	10,000,000.00	9,983,178.30	9,986,300.00	S&P-AA+	Moody's-Aa1	0.97	11/13/2019	2.400	0.28
Apple Corp 1.9 2/7/2020	5,403,000.00	5,377,078.09	5,389,222.35	S&P-AA+	Moody's-Aa1	0.52	02/07/2020	2.840	0.51
Apple Corp 2 11/13/2020	5,000,000.00	4,955,391.14	4,996,000.00	S&P-AA+	Moody's-Aa1	0.48	11/13/2020	2.718	1.27
Australia New Zealand Bank - NY 2.05 9/23/2	6,000,000.00	6,001,472.30	5,997,720.00	S&P-AA-	Moody's-Aa3	0.58	09/23/2019	1.860	0.14
Australia New Zealand Bank - NY 2.05 9/23/2	5,900,000.00	5,900,848.98	5,897,758.00	S&P-AA-	Moody's-Aa3	0.57	09/23/2019	1.950	0.14
Berkshire Hathaway 2.1 8/14/2019	5,000,000.00	4,998,133.33	4,999,150.00	S&P-AA	Moody's-Aa2	0.48	08/14/2019	2.558	0.04
Berkshire Hathaway 2.2 3/15/2021	7,386,000.00	7,313,237.94	7,395,749.52	S&P-AA	Moody's-Aa2	0.71	03/15/2021	2.833	1.59
Berkshire Hathaway 2.2 3/15/2021	10,000,000.00	10,021,957.66	10,013,200.00	S&P-AA	Moody's-Aa2	0.97	03/15/2021	2.061	1.59
BlackRock 5 12/10/2019	1,097,000.00	1,105,497.89	1,107,235.01	S&P-AA-	Moody's-Aa3	0.11	12/10/2019	2.804	0.36

Issuer	Face Amount		Book Value	Market Value	Credit		Portfolio %	Maturity Date	YTM @		Duration To Maturity
	Shares	Value			Rating 1	Rating 2			Cost	Cost	
Chevron Corp. 1.961 3/3/2020	5,000,000.00	4,970,061.60	4,994,500.00	S&P-AA	Moody's-Aa2	0.48	03/03/2020	2.998	0.58		
Chevron Corp. 1.991 3/3/2020	7,500,000.00	7,475,675.68	7,490,625.00	S&P-AA	Moody's-Aa2	0.72	03/03/2020	2.549	0.58		
Chevron Corp. 2.1 5/16/2021	5,560,000.00	5,481,566.90	5,557,887.20	S&P-AA	Moody's-Aa2	0.54	05/16/2021	2.923	1.76		
Chevron Corp. 2.193 11/15/2019	8,950,000.00	8,941,141.34	8,948,836.50	S&P-AA	Moody's-Aa2	0.86	11/15/2019	2.540	0.29		
Exxon Mobil Corp. 1.912 3/6/2020	8,663,000.00	8,630,041.59	8,647,926.38	S&P-AA+	Moody's-Aaa	0.84	03/06/2020	2.566	0.59		
Exxon Mobil Corp. 1.912 3/6/2020	5,000,000.00	4,968,940.99	4,991,300.00	S&P-AA+	Moody's-Aaa	0.48	03/06/2020	2.973	0.59		
Exxon Mobil Corp Var. Corp 3/6/2022	1,000,000.00	1,006,455.13	1,006,450.00	S&P-AA+	Moody's-Aaa	0.10	03/06/2022	2.844	0.00		
Johnson and Johnson 2.95 9/1/2020	5,000,000.00	5,025,170.81	5,048,150.00	S&P-AAA	Moody's-Aaa	0.48	09/01/2020	2.472	1.06		
Microsoft Corp 1.1 8/8/2019	2,000,000.00	1,999,422.35	1,999,520.00	S&P-AAA	Moody's-Aaa	0.19	08/08/2019	2.442	0.02		
Microsoft Corp 1.1 8/8/2019	5,000,000.00	4,998,507.46	4,998,800.00	S&P-AAA	Moody's-Aaa	0.48	08/08/2019	2.483	0.02		
Microsoft Corp 1.55 8/8/2021	5,000,000.00	4,874,721.25	4,949,850.00	S&P-AAA	Moody's-Aaa	0.48	08/08/2021	2.850	1.98		
Microsoft Corp. 1.85 2/12/2020	5,000,000.00	4,972,518.80	4,988,700.00	S&P-AAA	Moody's-Aaa	0.48	02/12/2020	2.900	0.53		
Microsoft Corp. 1.85 2/6/2020	1,196,000.00	1,191,878.87	1,193,596.04	S&P-AAA	Moody's-Aaa	0.12	02/06/2020	2.530	0.51		
Microsoft Corp. 1.85 2/6/2020	5,000,000.00	4,973,901.10	4,989,950.00	S&P-AAA	Moody's-Aaa	0.48	02/06/2020	2.878	0.51		
Microsoft Corp. 1.85 2/6/2020	3,000,000.00	2,984,756.12	2,993,970.00	S&P-AAA	Moody's-Aaa	0.29	02/06/2020	2.851	0.51		
National Australia Bank 2.25 1/10/2020	5,000,000.00	4,984,444.07	4,998,700.00	S&P-AA-	Moody's-Aa3	0.48	01/10/2020	2.970	0.44		
Proctor and Gamble Co 1.9 11/1/2019	2,386,000.00	2,380,068.38	2,381,681.34	S&P-AA-	Moody's-Aa3	0.23	11/01/2019	2.897	0.25		
Proctor and Gamble Co. 1.9 10/23/2020	5,000,000.00	4,949,766.12	4,986,350.00	S&P-AA-	Moody's-Aa3	0.48	10/23/2020	2.746	1.21		
Toyota 2.15 3/12/2020	5,000,000.00	4,988,261.80	4,994,400.00	S&P-AA-	Moody's-Aa3	0.48	03/12/2020	2.537	0.61		
Toyota 2.15 3/12/2020	5,057,000.00	5,045,819.06	5,051,336.16	S&P-AA-	Moody's-Aa3	0.49	03/12/2020	2.515	0.61		
Toyota Motor Credit corp Var. Corp 5/17/2022	10,000,000.00	10,040,297.53	10,018,500.00	S&P-AA-	Moody's-Aa3	0.97	05/17/2022	2.925	0.00		
Toyota Motor Credit corp 1.55 10/18/2019	16,000,000.00	15,972,221.64	15,975,040.00	S&P-AA-	Moody's-Aa3	1.54	10/18/2019	2.370	0.21		
Toyota Motor Credit corp Var. Corp 1/11/2022	4,607,000.00	4,653,683.45	4,648,509.07	S&P-AA-	Moody's-Aa3	0.44	01/11/2022	3.031	0.00		
Toyota Motor Credit corp Var. Corp 1/11/2022	900,000.00	908,119.84	908,109.00	S&P-AA-	Moody's-Aa3	0.09	01/11/2022	3.031	0.00		
Toyota Motor Credit corp. 2.2 1/10/2020	5,000,000.00	4,988,680.56	4,996,050.00	S&P-AA-	Moody's-Aa3	0.48	01/10/2020	2.720	0.44		
Toyota Motor Credit corp. 2.2 1/10/2020	5,000,000.00	4,984,543.10	4,996,050.00	S&P-AA-	Moody's-Aa3	0.48	01/10/2020	2.910	0.44		
Walmart Var. Corp 6/23/2021	5,000,000.00	5,015,065.22	5,016,150.00	S&P-AA	Moody's-Aa2	0.48	06/23/2021	2.573	0.00		
Walmart Corp 1.9 12/15/2020	5,000,000.00	4,945,533.14	4,983,100.00	S&P-AA	Moody's-Aa2	0.48	12/15/2020	2.722	1.36		
Sub Total / Average Corporate Bond	242,285,000.00	241,631,947.08	242,190,999.32			23.38		2.604	0.55		
FFCB Bond											
FFCB Var. FFCB 9/13/2021	5,000,000.00	5,000,000.00	4,995,600.00	S&P-AA+	Moody's-Aaa	0.48	09/13/2021	2.460	0.00		
FFCB 2.7 11/5/2019	5,000,000.00	5,000,000.00	5,007,100.00	S&P-AA+	Moody's-Aaa	0.48	11/05/2019	2.700	0.26		
FFCB 2.85 4/15/2020	5,000,000.00	5,000,000.00	5,028,150.00	S&P-AA+	Moody's-Aaa	0.48	04/15/2020	2.850	0.70		
Sub Total / Average FFCB Bond	15,000,000.00	15,000,000.00	15,030,850.00			1.45		2.670	0.32		
FHLB Bond											
FHLB 0 12/10/2019	5,000,000.00	4,951,050.00	4,962,700.00	S&P-AA+	Moody's-Aaa	0.48	12/10/2019	2.744	0.36		
FHLB 2.125 2/11/2020	10,000,000.00	9,978,274.78	9,997,200.00	S&P-AA+	Moody's-Aaa	0.97	02/11/2020	2.541	0.52		
FHLB 2.375 3/3/2020	5,000,000.00	4,988,324.32	5,009,700.00	S&P-AA+	Moody's-Aaa	0.48	03/03/2020	2.781	0.59		

Issuer	Face Amount		Book		Market		Credit		Portfolio %	Maturity Date	YTM @		Duration To
	Shares	Value	Value	Value	Rating 1	Rating 2	Cost	Maturity					
FHLB 2.55 1/11/2021-19	15,000,000.00	15,006,613.52	15,006,600.00	Moody's-Aaa	Moody's-Aaa	1.45	01/11/2021	2.519	1.43				
FHLB 2.875 9/1/2020	5,000,000.00	4,997,678.52	5,044,650.00	Moody's-Aaa	Moody's-Aaa	0.48	09/11/2020	2.917	1.09				
Sub Total / Average FHLB Bond	40,000,000.00	39,921,941.14	40,020,850.00			3.86		2.635	0.92				
FHLMC Bond													
FHLMC 1.5 1/17/2020	5,000,000.00	4,971,606.38	4,985,700.00	Moody's-Aaa	Moody's-Aaa	0.48	01/17/2020	2.750	0.46				
FHLMC 1.875 11/17/2020	5,000,000.00	4,935,227.27	4,989,500.00	Moody's-Aaa	Moody's-Aaa	0.48	11/17/2020	2.910	1.28				
FHLMC Step 6/30/2021-18	5,000,000.00	4,932,998.09	4,989,150.00	Moody's-Aaa	Moody's-Aaa	0.48	06/30/2021	3.501	1.89				
FHLMC Step 9/30/2021-17	4,903,000.00	4,799,972.59	4,876,621.86	Moody's-Aaa	Moody's-Aaa	0.47	09/30/2021	3.582	2.12				
Sub Total / Average FHLMC Bond	19,903,000.00	19,639,404.33	19,840,971.86			1.92		3,184	1.43				
FNMA Bond													
FNMA 1 10/24/2019	5,000,000.00	4,980,229.43	4,986,600.00	Moody's-Aaa	Moody's-Aaa	0.48	10/24/2019	2.727	0.23				
FNMA 1.25 3/27/2020	10,435,000.00	10,329,453.74	10,374,685.70	Moody's-Aaa	Moody's-Aaa	1.01	03/27/2020	2.825	0.65				
FNMA 1.25 8/23/2019-17	10,000,000.00	9,998,708.48	9,995,200.00	Moody's-Aaa	Moody's-Aaa	0.97	08/23/2019	1.459	0.06				
Sub Total / Average FNMA Bond	25,435,000.00	25,308,391.65	25,356,485.70			2.45		2,269	0.34				
Local Government Investment Pool													
Commonwealth of Virginia LGIP	56,124.34	56,124.34	56,124.34	S&P-Aaa	NR	0.01	N/A	2,426	0.00				
Commonwealth of Virginia LGIP	19,139,793.92	19,139,793.92	19,139,793.92	S&P-Aaa	NR	1.85	N/A	2,426	0.00				
VIP Stable NAV LGIP	26,988,956.69	26,988,956.69	26,988,956.69	S&P-Aaa	NR	2.60	N/A	2,410	0.00				
Sub Total / Average Local Government Investment Pool	46,184,874.95	46,184,874.95	46,184,874.95			4.46		2,417	0.00				
Money Market													
Access National Bank MM	56,806,164.57	56,806,164.57	56,806,164.57	NR	NR	5.48	N/A	2,480	0.00				
BB&T MM	2,953,943.36	2,953,943.36	2,953,943.36	NR	NR	0.29	N/A	2,160	0.00				
John Marshall Bank ICS MM	19,299,958.30	19,299,958.30	19,299,958.30	NR	NR	1.86	N/A	2,560	0.00				
United Bank MM	51,364,964.27	51,364,964.27	51,364,964.27	NR	NR	4.96	N/A	2,569	0.00				
Sub Total / Average Money Market	130,425,030.50	130,425,030.50	130,425,030.50			12.59		2,520	0.00				
Negotiable Certificate Of Deposit													
CIBC NY Office 2.53 3/27/2020	15,000,000.00	15,001,933.29	15,039,600.00	S&P-A1	Moody's-P1	1.45	03/27/2020	2.510	0.66				
CIBC NY Office 2.64 4/15/2020	30,000,000.00	30,000,000.00	30,110,700.00	S&P-A1	Moody's-P1	2.90	04/15/2020	2.640	0.71				
Rabobank NY 2.05 7/17/2020	17,000,000.00	17,000,000.00	16,995,580.00	S&P-A1	Moody's-P1	1.64	07/17/2020	2.050	0.96				
TD Bank NY 2.05 6/26/2020	10,000,000.00	10,000,000.00	9,990,800.00	S&P-A1+	Moody's-P1	0.97	06/26/2020	2.050	0.91				
TD Bank NY 2.08 7/15/2020	10,000,000.00	10,000,000.00	9,993,800.00	S&P-A1+	Moody's-P1	0.97	07/15/2020	2.080	0.96				
TD Bank NY 2.68 3/12/2020	15,000,000.00	15,000,000.00	15,043,650.00	S&P-A1+	Moody's-P1	1.45	03/12/2020	2.680	0.63				
TD Bank NY 2.81 1/22/2020	30,000,000.00	30,000,000.00	30,081,900.00	S&P-A1+	Moody's-P1	2.90	01/22/2020	2.810	0.49				
Sub Total / Average Negotiable Certificate Of Deposit	127,000,000.00	127,001,933.29	127,256,030.00			12.26		2,500	0.71				
Treasury Note													
T-Note 1.375 1/15/2020	20,000,000.00	19,890,003.55	19,925,800.00	S&P-Aaa	Moody's-Aaa	1.93	01/15/2020	2.593	0.46				
T-Note 1.375 1/15/2020	20,000,000.00	19,889,630.68	19,925,800.00	S&P-Aaa	Moody's-Aaa	1.93	01/15/2020	2.597	0.46				
T-Note 1.375 1/15/2020	20,000,000.00	19,890,003.55	19,925,800.00	S&P-Aaa	Moody's-Aaa	1.93	01/15/2020	2.593	0.46				

Issuer	Face Amount		Book Value	Market Value	Credit		Portfolio %	Maturity Date	YTM @		Duration To Maturity
	Shares	Value			Rating 1	Rating 2			Cost	Maturity	
T-Note 1.375 10/31/2020	10,000,000.00	9,862,496.04	9,921,100.00	S&P-AA+	Moody's-Aaa	0.97	10/31/2020	2.504	1.24		
T-Note 1.375 4/30/2020	10,000,000.00	9,916,259.17	9,944,500.00	S&P-AA+	Moody's-Aaa	0.97	04/30/2020	2.514	0.75		
T-Note 1.5 5/15/2020	10,000,000.00	9,919,649.93	9,952,000.00	S&P-AA+	Moody's-Aaa	0.97	05/15/2020	2.537	0.79		
T-Note 1.5 5/15/2020	15,000,000.00	14,883,162.15	14,928,000.00	S&P-AA+	Moody's-Aaa	1.45	05/15/2020	2.505	0.79		
T-Note 1.5 6/15/2020	10,000,000.00	9,910,788.38	9,945,700.00	S&P-AA+	Moody's-Aaa	0.97	06/15/2020	2.542	0.87		
T-Note 1.5 8/15/2020	10,000,000.00	9,897,409.74	9,943,400.00	S&P-AA+	Moody's-Aaa	0.97	08/15/2020	2.506	1.03		
T-Note 1.5 8/15/2020	10,000,000.00	9,948,706.76	9,943,400.00	S&P-AA+	Moody's-Aaa	0.97	08/15/2020	2.000	1.03		
T-Note 1.5 8/15/2020	5,000,000.00	4,974,870.65	4,971,700.00	S&P-AA+	Moody's-Aaa	0.48	08/15/2020	1.990	1.03		
T-Note 1.625 10/15/2020	10,000,000.00	9,957,613.67	9,952,700.00	S&P-AA+	Moody's-Aaa	0.97	10/15/2020	1.981	1.20		
T-Note 1.625 12/31/2019	10,000,000.00	9,967,439.52	9,976,600.00	S&P-AA+	Moody's-Aaa	0.97	12/31/2019	2.414	0.42		
T-Note 1.625 7/31/2020	5,000,000.00	4,982,363.44	4,978,150.00	S&P-AA+	Moody's-Aaa	0.48	07/31/2020	1.983	1.00		
T-Note 1.875 12/31/2019	10,000,000.00	9,976,461.54	9,989,800.00	S&P-AA+	Moody's-Aaa	0.97	12/31/2019	2.450	0.42		
T-Note 1.875 12/31/2019	10,000,000.00	9,971,939.55	9,989,800.00	S&P-AA+	Moody's-Aaa	0.97	12/31/2019	2.561	0.42		
T-Note 2.11/30/2020	5,000,000.00	5,004,737.20	4,999,600.00	S&P-AA+	Moody's-Aaa	0.48	11/30/2020	1.927	1.32		
T-Note 2.25 3/31/2020	10,000,000.00	9,982,422.89	10,007,400.00	S&P-AA+	Moody's-Aaa	0.97	03/31/2020	2.518	0.66		
T-Note 2.25 3/31/2020	10,000,000.00	9,981,927.76	10,007,400.00	S&P-AA+	Moody's-Aaa	0.97	03/31/2020	2.526	0.66		
T-Note 2.375 4/30/2020	10,000,000.00	9,988,652.11	10,018,000.00	S&P-AA+	Moody's-Aaa	0.97	04/30/2020	2.528	0.74		
T-Note 2.5 6/30/2020	10,000,000.00	9,998,625.43	10,037,500.00	S&P-AA+	Moody's-Aaa	0.97	06/30/2020	2.514	0.91		
T-Note 2.625 7/31/2020	10,000,000.00	10,011,584.43	10,055,100.00	S&P-AA+	Moody's-Aaa	0.97	07/31/2020	2.506	0.99		
T-Note 2.625 8/31/2020	5,000,000.00	5,034,817.30	5,027,950.00	S&P-AA+	Moody's-Aaa	0.48	08/31/2020	1.971	1.06		
T-Note 2.75 9/15/2021	10,000,000.00	9,951,301.60	10,180,900.00	S&P-AA+	Moody's-Aaa	0.97	09/15/2021	2.990	2.06		
T-Note 2.75 9/30/2020	10,000,000.00	9,990,822.73	10,082,400.00	S&P-AA+	Moody's-Aaa	0.97	09/30/2020	2.831	1.15		
T-Note 2.75 9/30/2020	10,000,000.00	10,027,603.71	10,082,400.00	S&P-AA+	Moody's-Aaa	0.97	09/30/2020	2.507	1.15		
T-Note 3.5 5/15/2020	10,000,000.00	10,076,680.42	10,106,300.00	S&P-AA+	Moody's-Aaa	0.97	05/15/2020	2.508	0.78		
Sub Total / Average Treasury Note	285,000,000.00	283,887,973.90	284,819,200.00			27.51		2.480	0.82		
TVA Bond											
TVA 3.875 2/15/2021	5,000,000.00	5,063,398.26	5,140,550.00	S&P-AA+	Moody's-Aaa	0.48	02/15/2021	3.017	1.48		
Sub Total / Average TVA Bond	5,000,000.00	5,063,398.26	5,140,550.00			0.48		3.017	1.48		
U.S. Agency for International Development											
OPIC - Overseas Private Invest corp 0 11/13/2019	9,544,505.40	9,482,261.70	9,441,000.40	S&P-AA+	Moody's-Aaa	0.92	11/13/2019	2.329	0.29		
Sub Total / Average U.S. AID	9,544,505.40	9,482,261.70	9,441,000.40			0.92		2.329	0.29		
Total / Average	1,036,095,634.38	1,033,795,630.95	1,035,555,420.74			100		2.546	0.56		

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY

MEMORANDUM

FOR: Chairman Parrish and Members, NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: September 13, 2019

SUBJECT: Monthly Revenue Report

1. **Purpose:** To update the Northern Virginia Transportation Authority (NVTA) Finance Committee on monthly revenue receipts and 30% funds distributed to member localities.
2. **Background:** The attached reports reflect funding received and distributed through August 2019. August receipts represent FYE June 30, 2019 final accrued revenues.
3. **Comments:**
 - a. **FY2019 Revenues (Attachment A)**
 - i. The Authority has received approximately \$262.8 million through the August 2019 transfers from the Commonwealth.
 - ii. Actual to estimate comparison of annual sales tax revenues through August 2019 show a 1.48% positive variance in receipts compared to the FY2019 adopted revenue estimates.
 - iii. Due to the large fluctuation in previous months, a sensitivity analysis was prepared to project the likelihood of the FYE revenue meeting or exceeding the revenue estimates. The analysis concluded that the Authority should meet the revenue projections despite the previous \$1.5 M adjustment from April 2019.
 - iv. Tracking of current fiscal year revenue on an actual to projection basis is being substantially improved through the acquisition of a statistical packet called Palisade's Stat Tools. This tool functions inside MS Excel and brings a much greater level of sophistication to the current year revenue tracking. The tool was back tested against FY2015 through FY2018 to confirm its utility and accuracy. Use of the tool will be incorporated into the standard monthly revenue reports over this summer. Reports from the tool (which provided the analysis that revenues would be on target) are included in Attachment D.
 - b. **FY2019 Distribution to localities (Attachment B)**
 - i. All jurisdictions have completed the FY2018 HB2313 required annual certification process to receive FY2019 30% funds and all FY2019 30% funds have been distributed to the member jurisdictions.

c. FY2015 to FY2019 Year over Year Revenue Comparison (Attachment C).

- i. This chart reflects a month-to-month comparison of sales tax revenue and a year-to-year comparison of fiscal year to date revenues received through August 2019.

Attachments:

- A. Sales Tax Revenues Received Compared to NVTA Estimates, Through August 2019
- B. FY2019 30% Distribution by Jurisdiction, through August 2019
- C. Month to Month Comparison of Sales Tax Revenue and YTD Receipts for August 2015 to 2019
- D. Palisade's Stat Tool Analysis of FY2019 Revenue Actual to Projections

Attachment A

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY SALES TAX REVENUES RECEIVED BY JURISDICTION, COMPARED TO NVTA ESTIMATES

Based on: Revenue Data Through August 2019
FYE June 30, 2019

Regional Sales Tax*	Transaction Months	Received To Date	Annualized		FY2019 Budget	Annualized - Actual	
			Revenue based on YTD Receipts			To Budget	
	12						
City of Alexandria		\$16,855,254	\$ 16,855,254	\$ 16,057,290	\$ 797,964		
Arlington County		\$26,402,929	\$ 26,402,929	\$ 25,308,696	\$ 1,094,233		
City of Fairfax		\$7,591,145	\$ 7,591,145	\$ 7,432,605	\$ 158,540		
Fairfax County		\$110,900,872	\$ 110,900,872	\$ 111,788,679	\$ (887,807)		
City of Falls Church		\$2,829,552	\$ 2,829,552	\$ 2,659,800	\$ 169,752		
Loudoun County		\$51,561,504	\$ 51,561,504	\$ 50,940,000	\$ 621,504		
City of Manassas		\$5,268,251	\$ 5,268,251	\$ 5,100,000	\$ 168,251		
City of Manassas Park		\$1,508,804	\$ 1,508,804	\$ 1,462,415	\$ 46,389		
Prince William County		\$39,837,706	\$ 39,837,706	\$ 38,176,740	\$ 1,660,966		
Total Sales Tax Revenue		\$ 262,756,017	\$ 262,756,017	\$ 258,926,225	\$ 3,829,792		1.48%
		\$ 262,756,017					

Attachment B

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY FY2019 30% DISTRIBUTION BY JURISDICTION

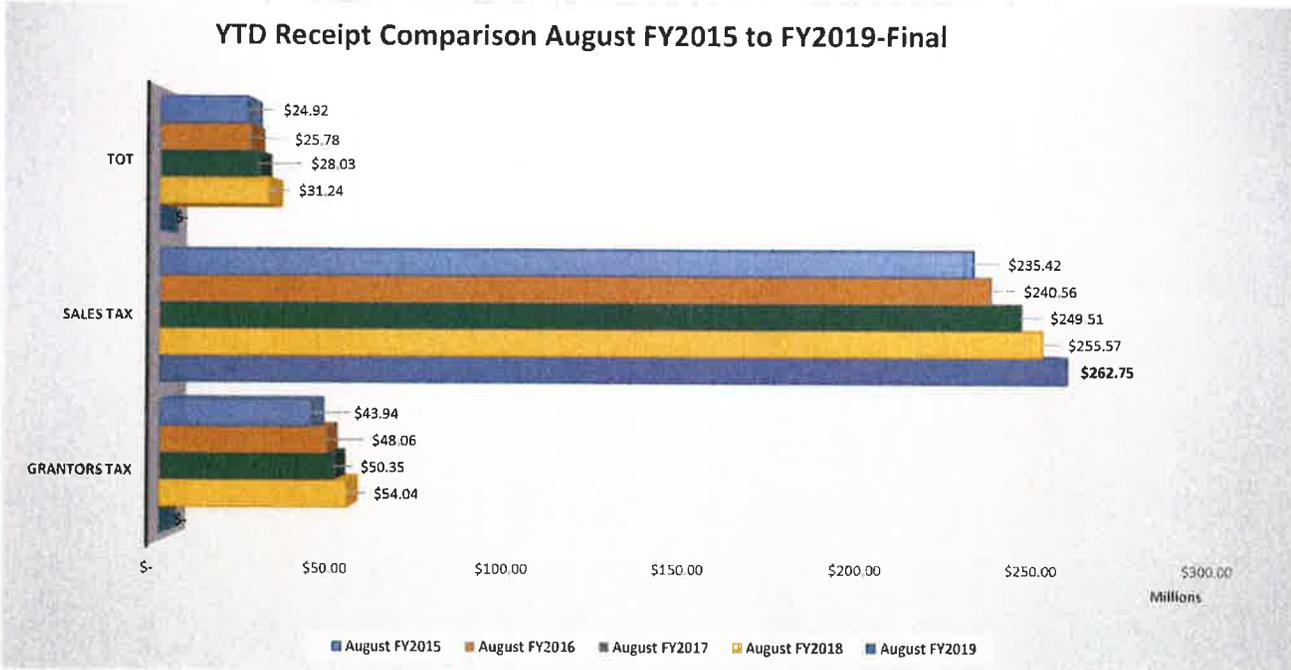
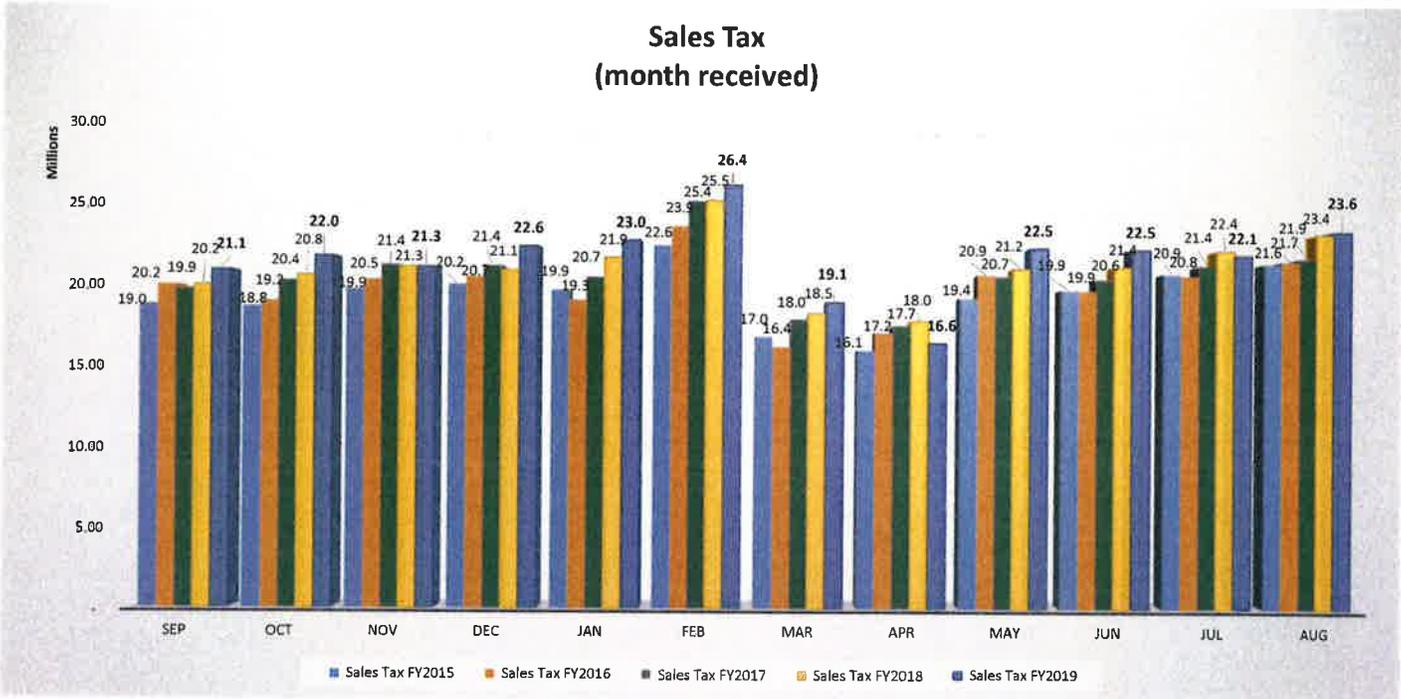
Based on: Revenue Data Through August 2019

Jurisdiction	(1) FY2018 Receipts		(1) FY2018 Receipts		NVA Fund Interest	Cumulative Total	30% Funds	6/30/2019 Accrued Interest (3)	7/31/2019 Prior Distributions	Current Month Distribution	Total Funds Transferred
	Grantor's Tax	Regional Sales Tax	Transient Occupancy Tax (2)	Transient Occupancy Tax (2)							
City of Alexandria	\$ (6,495.00)	\$ 16,855,253.91	\$ 112,268.97	\$ 29,532.64	\$ 16,990,560.52	\$ 5,097,168.16	\$ 1,601.69	\$ 4,636,187.83	\$ 462,582.02	\$ 5,098,769.85	
Arlington County	\$ (1,375.50)	\$ 26,402,928.68	\$ 31,018.85	\$ 47,055.99	\$ 26,479,628.02	\$ 7,943,888.41	\$ 2,288.13	\$ 7,206,804.31	\$ 739,372.23	\$ 7,946,176.54	
City of Fairfax	\$ -	\$ 7,591,145.01	\$ 116,720.16	\$ 13,074.27	\$ 7,720,939.44	\$ 2,316,281.83	\$ 686.44	\$ 2,112,050.74	\$ 204,917.53	\$ 2,316,968.27	
Fairfax County	\$ (742.50)	\$ 110,900,872.08	\$ 2,447,860.11	\$ 196,536.83	\$ 113,544,526.52	\$ 34,063,357.96	\$ 9,610.15	\$ 31,117,540.25	\$ 2,955,427.86	\$ 34,072,968.11	
City of Falls Church	\$ -	\$ 2,829,552.09	\$ 43,190.77	\$ 4,886.02	\$ 2,877,628.88	\$ 863,288.66	\$ 228.81	\$ 781,500.16	\$ 82,017.31	\$ 863,517.47	
Loudoun County	\$ -	\$ 51,561,504.17	\$ 252,600.81	\$ 90,356.51	\$ 51,904,461.49	\$ 15,571,338.45	\$ 4,347.45	\$ 14,181,004.49	\$ 1,394,681.41	\$ 15,575,685.90	
City of Manassas	\$ -	\$ 5,268,251.44	\$ 8,244.03	\$ 8,646.69	\$ 5,285,142.16	\$ 1,585,542.65	\$ 457.63	\$ 1,421,551.83	\$ 164,448.45	\$ 1,586,000.28	
City of Manassas Park	\$ -	\$ 1,508,803.96	\$ -	\$ 2,568.73	\$ 1,511,372.69	\$ 453,411.81	\$ 228.81	\$ 443,526.03	\$ 39,114.59	\$ 483,640.62	
Prince William County	\$ (25,657.20)	\$ 39,837,705.78	\$ 170,199.43	\$ 69,760.07	\$ 40,052,008.08	\$ 12,015,602.42	\$ 3,432.20	\$ 10,979,944.00	\$ 1,039,090.62	\$ 12,019,034.62	
Total Revenue	\$ (34,270.20)	\$ 262,756,017.12	\$ 3,182,103.13	\$ 462,417.75	\$ 266,366,267.80	\$ 79,909,880.35	\$ 22,881.31	\$ 72,851,109.64	\$ 7,081,652.02	\$ 79,932,761.66	

1 Includes FY2018 Revenue Accruals Recorded in the Prior Year PLUS COVA Adjustments

2 County TOT includes any town collections

3 Interest earned through 6/30/2019



ATTACHMENT D

NVTA Sales Tax Revenue Forecast 2014-2019: Model Observations

Winters' Exponential Smoothing Forecast

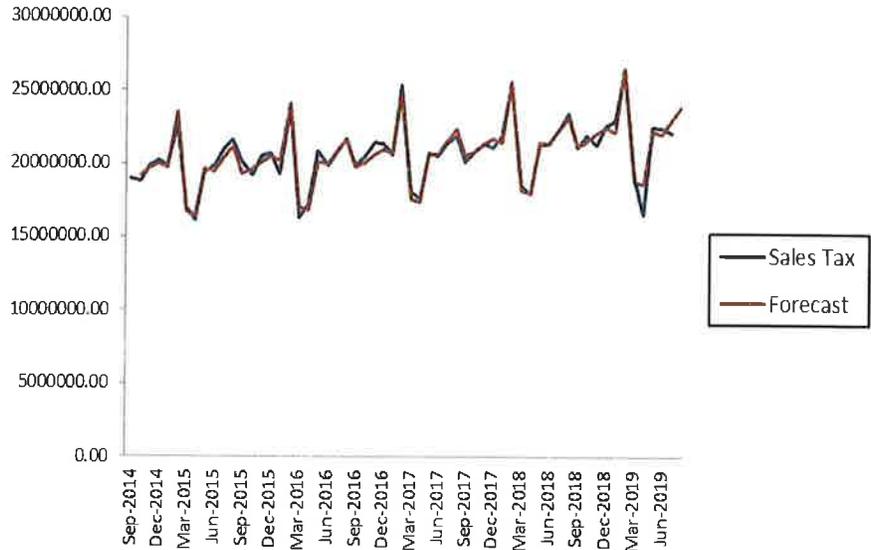
Forecasting Constants (Optimized)

Level (Alpha)	0.009
Trend (Beta)	1.000
Season (Gamma)	0.000

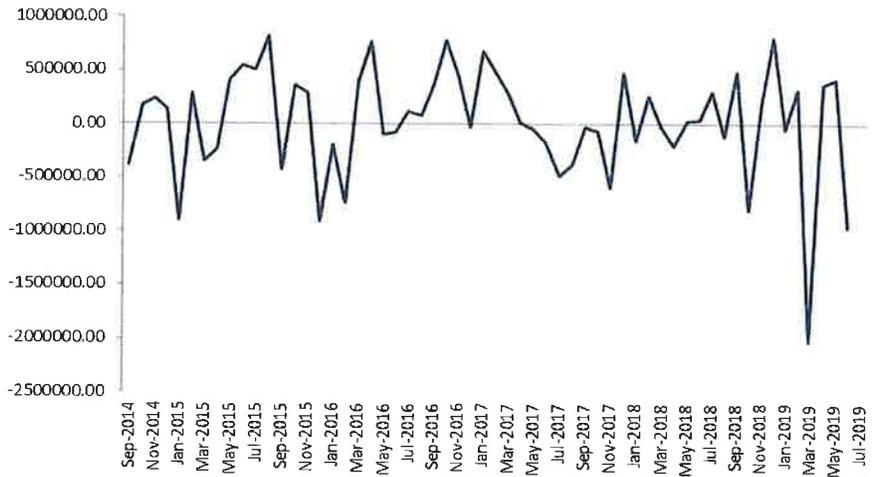
Winters' Exponential

Mean Abs Err	\$384,703.24
Root Mean Sq Err	\$512,836.59
Mean Abs Per% Err	1.91%

Forecast and Original Observations



Forecast Errors



WVTA Sales Tax Revenue Forecast: Model vs Actual vs Projection
FY Forecasting Data

FY	Forecasting Data	Sales Tax	Level	Trend	Season	Monthly Forecast	Error	Model Forecast	Actual/Projected
FY15	Sep-2014	\$18,968,351	\$19,413,694	33,063	0.98	\$19,209,935	-387,004		
	Oct-2014	\$18,822,931	\$19,443,199	29,505	0.99	\$19,209,935	181,110		
	Nov-2014	\$19,914,947	\$19,474,327	31,128	1.01	\$19,733,837	233,680		
	Dec-2014	\$20,219,972	\$19,507,526	33,199	1.02	\$19,986,292	139,040		
	Jan-2015	\$19,873,399	\$19,541,975	34,449	1.01	\$19,734,359	-895,422		
	Feb-2015	\$22,643,816	\$19,569,661	27,687	1.20	\$23,539,237	284,205		
	Mar-2015	\$16,985,971	\$19,600,377	30,715	0.85	\$16,701,765	-348,193		
	Apr-2015	\$16,145,806	\$19,627,328	26,952	0.84	\$16,493,999	-236,578		
	May-2015	\$19,400,762	\$19,652,130	24,802	1.00	\$19,637,340	413,112		
	Jun-2015	\$19,911,111	\$19,680,718	28,588	0.99	\$19,497,998	549,225		
	Jul-2015	\$20,940,645	\$19,714,127	33,408	1.03	\$20,391,420			
	Aug-2015	\$21,588,047	\$19,751,832	37,704	1.07	\$21,082,897	505,151	\$235,219,016	\$235,415,757
	FY16	Sep-2015	\$20,154,879	\$19,797,151	45,319	0.98	\$19,335,572	819,307	
Oct-2015		\$19,177,526	\$19,838,579	41,428	0.99	\$19,600,755	-423,229		
Nov-2015		\$20,508,627	\$19,883,251	44,672	1.01	\$20,146,637	361,990		
Dec-2015		\$20,712,668	\$19,930,524	47,272	1.02	\$20,419,220	293,449		
Jan-2016		\$19,270,671	\$19,969,657	39,134	1.01	\$20,175,788	-905,117		
Feb-2016		\$23,866,378	\$20,007,336	37,680	1.20	\$24,058,954	-192,575		
Mar-2016		\$16,351,279	\$20,037,215	29,880	0.85	\$17,083,343	-732,064		
Apr-2016		\$17,247,150	\$20,071,277	34,061	0.84	\$16,860,261	386,889		
May-2016		\$20,858,424	\$20,112,341	41,063	1.00	\$20,087,963	770,461		
Jun-2016		\$19,873,223	\$20,152,515	40,174	0.99	\$19,970,218	-96,994		
Jul-2016		\$20,821,029	\$20,192,070	39,555	1.03	\$20,891,640	-70,610		
Aug-2016		\$21,721,720	\$20,232,662	40,592	1.07	\$21,599,819	121,900	\$240,230,168	\$240,563,575
FY17		Sep-2016	\$19,892,909	\$20,274,039	41,377	0.98	\$19,808,351	84,558	
	Oct-2016	\$20,435,418	\$20,318,796	44,756	0.99	\$20,067,858	367,560		
	Nov-2016	\$21,411,276	\$20,370,493	51,696	1.01	\$20,636,737	774,539		
	Dec-2016	\$21,374,345	\$20,426,165	55,672	1.02	\$20,925,728	448,617		
	Jan-2017	\$20,662,676	\$20,481,639	55,474	1.01	\$20,684,649	-21,973		
	Feb-2017	\$25,380,045	\$20,542,294	60,654	1.20	\$24,694,182	685,863		
	Mar-2017	\$18,045,813	\$20,608,138	65,844	0.85	\$17,558,697	487,115		
	Apr-2017	\$17,668,068	\$20,677,201	69,062	0.84	\$17,370,239	297,829		
	May-2017	\$20,741,413	\$20,746,381	69,180	1.00	\$20,728,485	12,929		
	Jun-2017	\$20,580,028	\$20,815,136	68,756	0.99	\$20,626,336	-46,308		
	Jul-2017	\$21,431,305	\$20,882,352	67,216	1.03	\$21,606,753	-175,448		
	Aug-2017	\$21,886,505	\$20,945,486	63,135	1.07	\$22,366,338	-479,833	\$247,074,353	\$249,509,800
	Sep-2017	\$20,154,895	\$21,005,163	59,678	0.98	\$20,526,871	-371,976		
Oct-2017	\$20,786,302	\$21,064,639	59,476	0.99	\$20,808,222	-21,919			
Nov-2017	\$21,343,035	\$21,123,536	58,897	1.01	\$21,407,656	-64,620			
Dec-2017	\$21,115,955	\$21,177,215	53,679	1.02	\$21,704,805	-588,851			
Jan-2018	\$21,915,159	\$21,235,156	57,941	1.01	\$21,441,119	474,040			
Feb-2018	\$25,453,243	\$21,291,964	56,808	1.20	\$25,603,325	-150,082			
Mar-2018	\$18,454,178	\$21,351,540	59,575	0.85	\$18,194,416	259,762			

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY**MEMORANDUM**

FOR: Chairman Parrish and Members, NVTA Finance Committee

FROM: Michael Longhi, Chief Financial Officer

DATE: September 13, 2019

SUBJECT: NVTA Operating Budget

1. **Purpose:** To update the Northern Virginia Transportation Authority (NVTA) Finance Committee on the Authority's Operating Budget for FY2019.
2. **Background:** The Authority FY2019 operating budget was funded through the participating jurisdictions. All jurisdictions contributed their respective share of the FY2019 operating budget in July 2018.
3. **Comments:** Through FYE June 30, 2019, the Operating Budget has produced the following results:
 - a. Operating revenue is at 100% of estimate.
 - b. On November 8, 2018, the Authority approved a \$35,781.31 budget transfer from the NVTA Operating Reserve for FY2019 to obtain Investment Management and Monitoring Services. The Operating Reserve will be replenished as part of the FY2020 Operating Budget.
 - c. Through FYE June 30, 2019 all expense categories within the operating budget remained within budget. The lower than budgeted FY2019 expenditures for Legal/Bond Counsel Services and Financial Advisory Services represents the FY2018 reimbursement of the Operating Reserve from the FY2018 General Assembly Session.
 - d. The attached statement shows the total operating budget income and expenditure activity for FY2019.

Attachment: FY2019 Operating Budget through FYE June 30, 2019

1000 General Fund

Account Object	Description	Current Year				%
		Current Month	Current YTD	Budget	Variance	
Revenue						
330100	Contribution Member Jurisdiction		2,203,249.00	2,203,249.00		100
						100
	Total Revenue	0.00	2,203,249.00	2,203,249.00	0.00	100
Expenses						
410000	Personnel Expenses					
110	Salaries-Regular Pay	22,618.89	1,105,389.29	1,151,522.00	46,132.71	96
130	Health & Dental Benefits		160,675.20	160,224.00	-451.20	100
131	Payroll Taxes	2,019.95	74,671.88	88,241.00	13,569.12	85
132	Retirement VRS		89,482.31	90,687.00	1,204.69	99
133	Life Insurance		14,422.14	14,998.00	575.86	96
134	Flex Spending/Dependent Care		506.46	685.00	178.54	74
135	Workers Comp		1,212.00	1,267.00	55.00	96
137	Disability Insurance		13,419.09	16,641.00	3,221.91	81
	Total Account	24,638.84	1,459,778.37	1,524,265.00	64,486.63	96
420000	Professional Services					
210	Audit & Accounting Services		26,500.00	28,500.00	2,000.00	93
220	Bank Service			750.00	750.00	
230	Insurance		5,791.00	5,905.00	114.00	98
240	Payroll Services		1,805.37	1,800.00	-5.37	100
260	Public Outreach & Regional Event Support		28,427.53	37,500.00	9,072.47	76
261	Legal/Bond Counsel Services	288.00	6,426.00	65,000.00	58,574.00	10
262	Financial Advisory Services		41,497.83	75,000.00	33,502.17	55
263	Bond Trustee Fees		2,687.50	2,700.00	12.50	100
264	Legislative Services		60,405.99	62,000.00	1,594.01	97
265	Investment Custody Svc		20,260.00	25,000.00	4,740.00	81
	Total Account	288.00	193,801.22	304,155.00	110,353.78	64
430000	Technology/Communication					
310	Acctg & Financial Report Systems		48,881.31	52,281.31	3,400.00	93
320	HW SW & Peripheral Purchase	-5,061.00	104.00		-104.00	
330	IT Support Svc Incl Hosting		20,197.73	19,631.00	-566.73	103
335	GIS/Project Mgt/Modeling	15,930.91	66,926.18	69,316.00	2,389.82	97
340	Phone Service		7,677.77	7,920.00	242.23	97
350	Web Develop & Hosting		6,056.63	7,897.00	1,840.37	77
	Total Account	10,869.91	149,843.62	157,045.31	7,201.69	95
440000	Administrative Expenses					
410	Advertisement		1,106.37	1,500.00	393.63	74
411	Dues & Subscriptions		7,076.15	6,890.00	-186.15	103
412	Duplication & Printing		9,577.32	15,640.00	6,062.68	61
414	Hosted Meeting Expenses		3,393.71	3,600.00	206.29	94
415	Mileage/Transportation	131.55	5,304.91	10,950.00	5,645.09	48

NORTHERN VIRGINIA TRANSPORTATION AUTHORITY
Income Statement
For the Accounting Period: 13 / 19

1000 General Fund

Account Object	Description	Current Year				
		Current Month	Current YTD	Budget	Variance	
417	Office Lease		137,786.83	138,406.00	619.17	100
418	Office Supplies		7,281.50	6,400.00	-881.50	114
419	Postage & Delivery		114.26	700.00	585.74	16
420	Professional Develop & Training		7,703.23	12,920.00	5,216.77	60
421	Industry Conferences		5,601.55	6,500.00	898.45	86
	Total Account	131.55	184,945.83	203,506.00	18,560.17	91
	Total Expenses	35,928.30	1,988,369.04	2,188,971.31	200,602.27	91
	Net Income from Operations	-35,928.30	214,879.96			
Other Expenses						
521000	Transfers					
820	Transfer to Operating Reserve			430,638.00	430,638.00	
825	Transf to Equip Reserve	5,061.00	7,572.31	13,500.00	5,927.69	56
	Total Account	5,061.00	7,572.31	444,138.00	436,565.69	2
	Total Other Expenses	5,061.00	7,572.31	444,138.00	436,565.69	2
	Net Income	-40,989.30	207,307.65			