

Final Report
Overview of Financing Approaches
Executive Summary

prepared for the

Northern Virginia Transportation Authority

PFM®
The PFM Group
4350 N. Fairfax Drive, Suite 580
Arlington, VA 22203
www.pfm.com

July 24, 2013

Presentation Overview

- What are the advantages and disadvantages of both debt and pay-as-you-go (PAYGO) funding approaches?
- Given the recommended PAYGO & debt project lists for FY2014, what would NVTA's financial profile look like?
- Under various scenarios, what is NVTA's long term funding capacity for debt & PAYGO approaches?
- What would be the key legal & credit provisions for an NVTA borrowing program?
- What is the impact/treatment of NVTA debt on member localities?
- What types of debt structures should NVTA consider?
- What are the alternatives to NVTA issuing bonds directly in its name?

TransAction 2040 Plan (as of November 2012)

- NVTA revises and amends TransAction 2040 every five years
- Intended to provide a guide for funding future transportation projects in Northern Virginia
- Northern Virginia Portion of Region's Constrained Long-Range Plan totals $18.5 billion and TransAction 2040 Additional Projects totals $23.2 billion over 30 years (2011 to 2040)

TransAction 2040 Additional Projects ***Project Types***	**Amount ($ billions)**
Highway	$9.30
Transit	$13.20
Bicycle/Pedestrian	$0.64
Technology	$0.06
Total	**$23.20**

TransAction2040
Transportation for Today and Tomorrow

Overview of Revenue Streams

Revenue Source	Rate	FY 2014 Amount	70% Allocation ($)	30% Allocation ($)
Retail Sales Tax	0.7% of retail purchase amount	$232,456,223	$162,719,356	$69,736,867
Regional Congestion Relief Fee (Additional Grantor's Tax)	$0.15/$100 of value	$34,676,790	$24,273,753	$10,403,037
Transient Occupancy Tax	2% of room rate	$24,348,642	$17,044,049	$7,304,593
Total	**-**	**$291,481,655**	**$204,037,159**	**$87,444,497**

Source: HB2313_RevDistribution_NOVA_061113.

Revenue Forecast

Fiscal Year Ending	Annual Gross Sales Tax Revenue	Annual Gross Grantor's Tax Revenue	Annual Gross TOT Revenue	Total Annual Gross Tax Revenue	70% NVTA Revenues	NVTA Revenue % Change YOY
6/30/2014	$232,456,223	$34,676,790	$24,348,642	$291,481,655	$204,037,159	
6/30/2015	239,429,910	34,676,790	24,592,128	298,698,828	209,089,180	2.48%
6/30/2016	246,612,807	34,676,790	24,838,050	306,127,647	214,289,353	2.49%
6/30/2017	254,011,192	34,676,790	25,086,430	313,774,412	219,642,089	2.50%
6/30/2018	261,631,527	34,676,790	25,337,295	321,645,612	225,151,928	2.51%
6/30/2019	269,480,473	34,676,790	25,590,667	329,747,930	230,823,551	2.52%
6/30/2020	277,564,887	34,676,790	25,846,574	338,088,251	236,661,776	2.53%
6/30/2021	285,891,834	34,676,790	26,105,040	346,673,664	242,671,565	2.54%
6/30/2022	294,468,589	34,676,790	26,366,090	355,511,469	248,858,028	2.55%
6/30/2023	303,302,647	34,676,790	26,629,751	364,609,188	255,226,432	2.56%
6/30/2024	312,401,726	34,676,790	26,896,049	373,974,565	261,782,195	2.57%
6/30/2025	321,773,778	34,676,790	27,165,009	383,615,577	268,530,904	2.58%
6/30/2026	331,426,991	34,676,790	27,436,659	393,540,440	275,478,308	2.59%
6/30/2027	341,369,801	34,676,790	27,711,026	403,757,617	282,630,332	2.60%
6/30/2028	351,610,895	34,676,790	27,988,136	414,275,821	289,993,075	2.61%
6/30/2029	362,159,222	34,676,790	28,268,017	425,104,029	297,572,821	2.61%
6/30/2030	373,023,999	34,676,790	28,550,698	436,251,487	305,376,041	2.62%
6/30/2031	384,214,719	34,676,790	28,836,205	447,727,714	313,409,400	2.63%
6/30/2032	395,741,160	34,676,790	29,124,567	459,542,517	321,679,762	2.64%
6/30/2033	407,613,395	34,676,790	29,415,812	471,705,997	330,194,198	2.65%

*Source: HB2313_RevDistribution_NOVA_061113 for FY 2014 to FY 2018. Thereafter, assumes annual growth rate of 3% for Sales Tax Revenue, 0% for Grantor’s Tax Revenue & 1% for ToT Revenues.

Use of Debt & PAYGO Approaches

- Infrastructure capital improvement programs ("CIP") often span multiple years (6+ years)
- Multi-year capital plans match identified needs with available resources
- Debt & PAYGO are commonly used together to fund projects
- Credit agencies view an affordable debt burden & flexibility derived from PAYGO as positives
- Mix of debt & PAYGO is driven by:
  - Magnitude of infrastructure needs vs. availability of resources
  - Timing objectives for project delivery
  - Project management capacity to plan, design & implement project construction
  - Financial strength of the project sponsor

Advantages & Disadvantages of Debt

Disadvantages	Advantages
• Creates a fixed, non-discretionary & on-going obligation • Incurs interest and other financing costs • Staff time required to maintain bond ratings, execute bond transactions and administer debt post-issuance	• Leverages value of future revenue for today's expenditures, which can accelerate project implementation • Spreads infrastructure cost over multiple generations of users • Spreads financing costs (debt service) over time to match expected tax receipts and the useful life of projects

Advantages & Disadvantages of PAYGO

Disadvantages	Advantages
• Cost of a long term asset paid for by current users/taxpayers only • Project delivery limited to current year resources • Inflation may erode buying power overtime	• Avoids interest costs and other financing costs • Can be reduced or scaled back if revenue sources contract • Once spent, requires less ongoing time and monitoring than debt

FY 2014 NVTA Project Lists

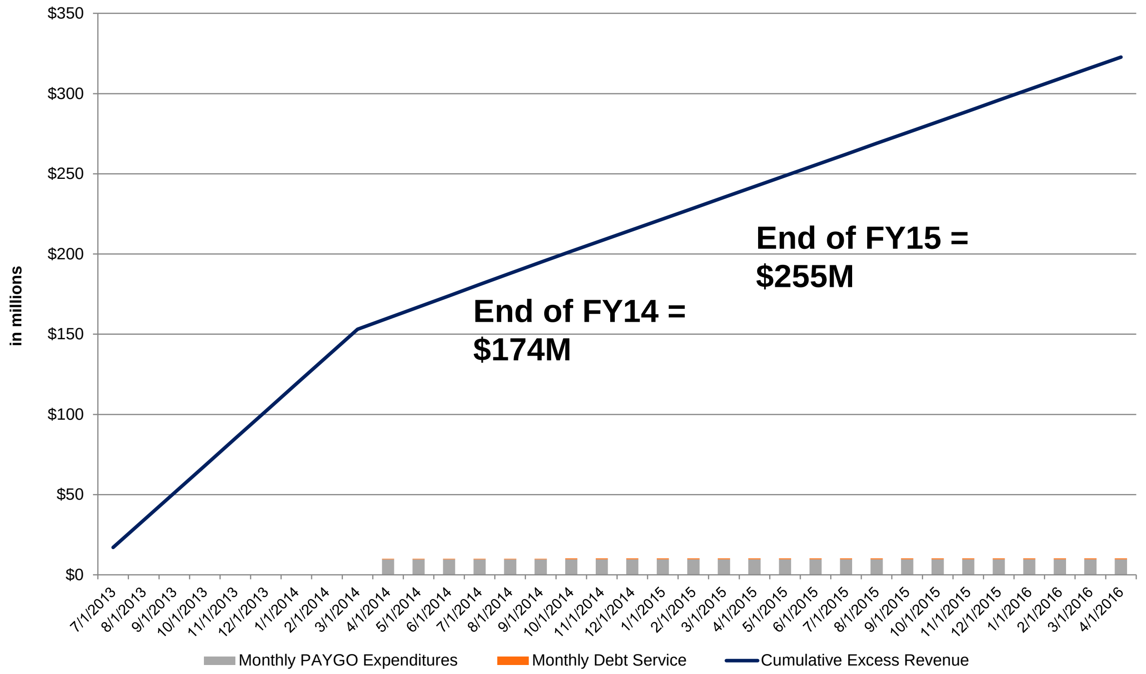
- Approximately $360 million worth of projects previously identified for NVTA Project Implementation Committee's consideration
- At the July 7th Project Implementation Working Group meeting, three lists were presented
  - FY 2014 PAYGO projects totaling $116.06 million
  - FY 2014 Proposed Bonded projects totaling $90.7 million
  - $153.3 million of projects were not recommended

Financial Analysis of FY 2014 Plan

- Level of debt issuance is modest & affordable for NVTA
  - Prudent structure with rapid amortization
  - High quality credit ratings likely
- PAYGO expenditures can be accommodated, assuming a ramp up of revenue and spending begins in last half of FY 2014
- Considerations & observations
  - Projections of & parameters for construction draws by implementing entities are very important for both debt & PAYGO success
  - NVTA should develop minimum thresholds for working capital
  - NVTA should establish reserve levels as part of its financial policies

What is the impact of FY 2014 Proposed PAYGO List?

- $116.058 million of PAYGO projects
  - If 100% of PAYGO funds are disbursed in FY 2014, approximately $87.9 million of excess revenue would remain by end of FY 2014
  - Equates to roughly 57% of annual revenue
  - Assuming equal monthly draws of PAYGO over 12 months beginning on 4/1/2014, $174 million of excess revenue remains by end of FY 2014



Potential Initial Issue: Structural Assumptions

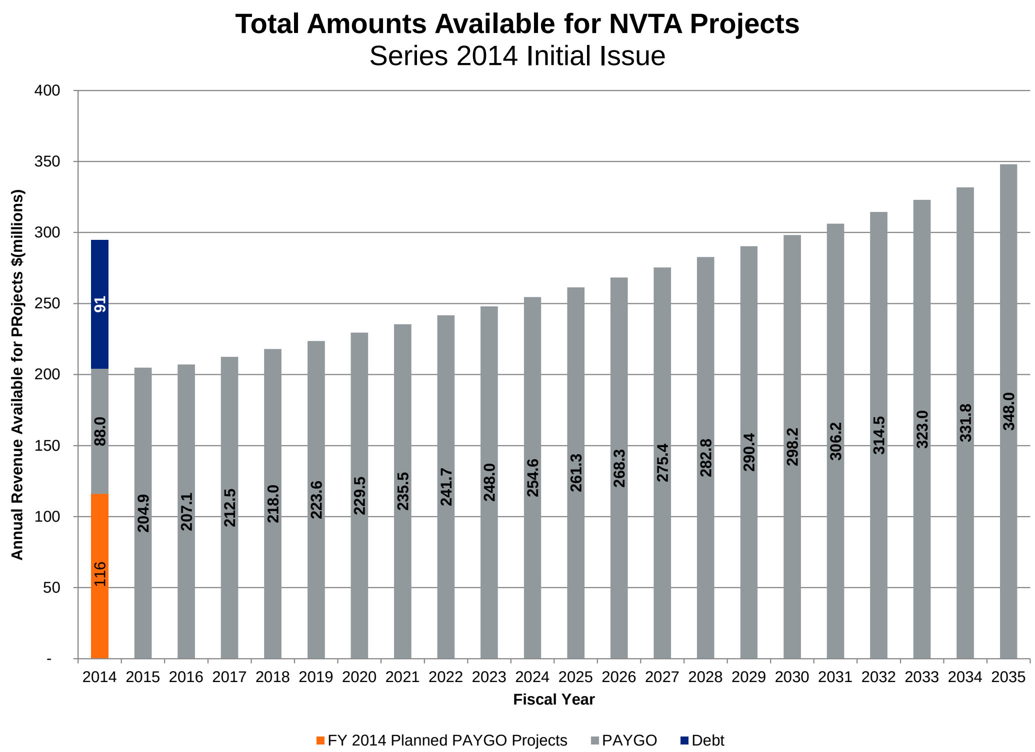
Structural Assumptions for Potential Initial Bond Issue in 2014	
Security:	NVTA's 70% share of HB2313 Tax Streams (Sales Tax, Grantors Tax, ToT)
Credit Enhancement:	None. No moral obligation or other support from NVTA Members or Commonwealth
Credit Rating:	AA-category
Interest Rate Mode:	Fixed
Interest Rates:	Current market conditions plus 0.50% cushion
Term:	20 years (Final maturity in 10/1/2034)
Amortization:	Level Debt Service
Debt Service Reserve Fund:	Funded with bond proceeds at maximum annual debt service

Potential Initial Issue: Bond Statistics

Key Statistics	
Par Amount	$92,255,000
Project Fund	90,736,000
True Interest Cost ("TIC")	4.08%
Average Life	12.5 years
Total Net Debt Service	140,642,525
Maximum Annual Debt Service	7,185,300
Average Annual Net Debt Service	7,032,126

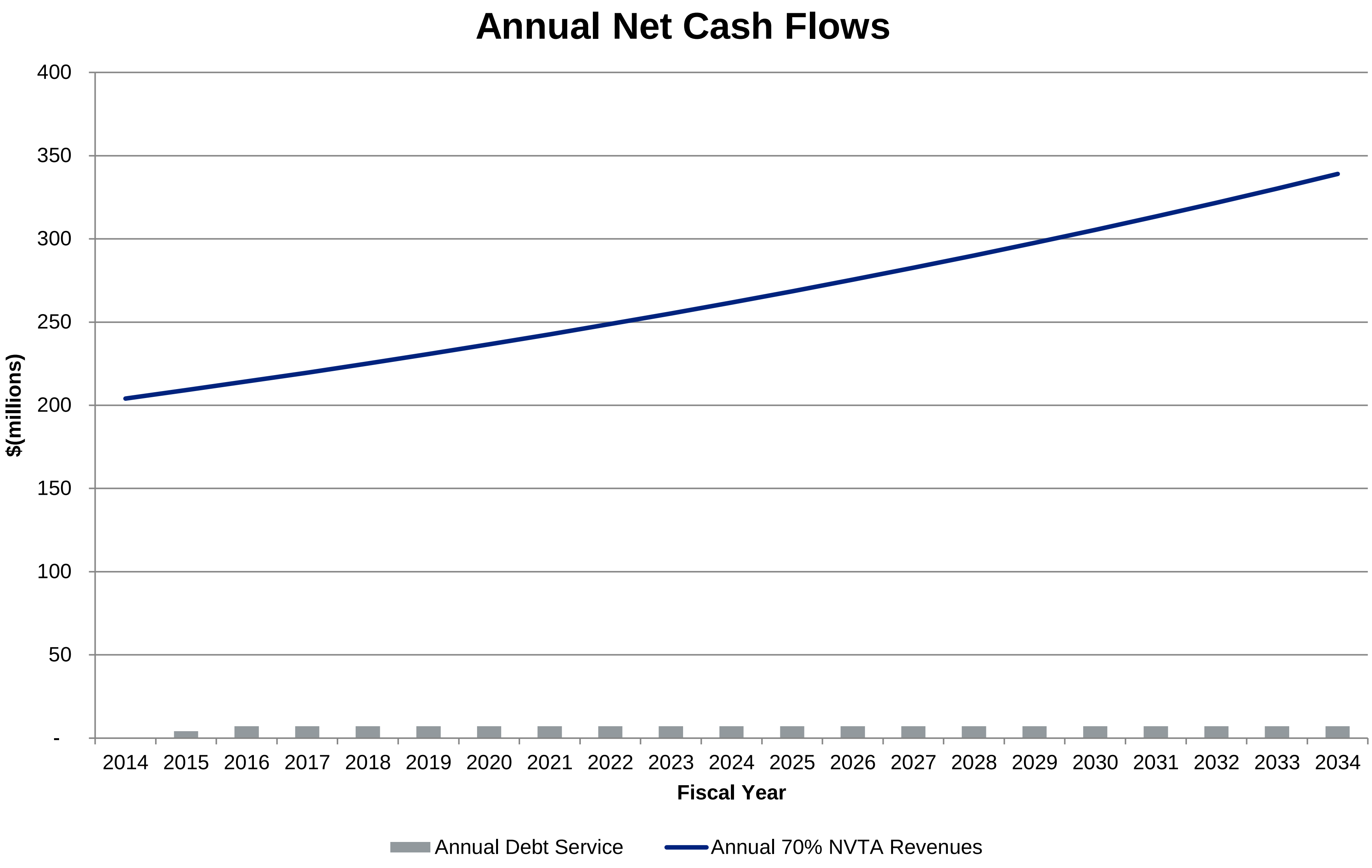
Financial Profile of the Initial Validation Issue

- $90.7 million of bond funded projects
  - Average annual debt service of $7.0 million per year over 20 years
  - Excess annual revenue of at least $200 million per year after paying debt service
  - Annual debt service as a percent of annual revenue peaks at 3.4%
  - Robust debt service coverage with a floor of 29.8x
  - Strong excess cash flow

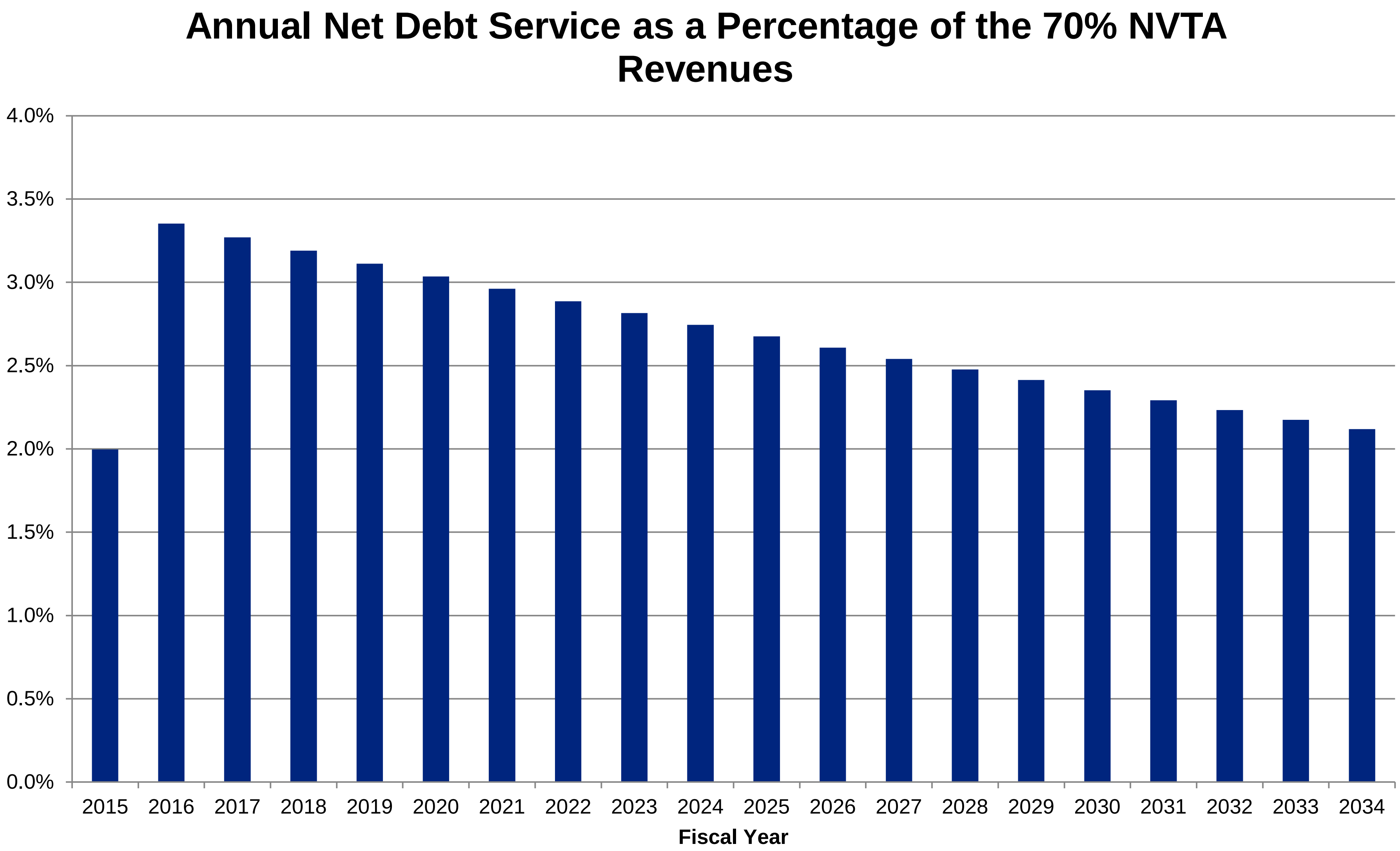


20-year Debt vs. PAYGO Mix			
	Nominal	NPV	%
Debt	$90.7	$90.7	2%
PAYGO	$5,779.4	$4,615.6	98%
Total	**$5,870.1**	**$4,706.3**	

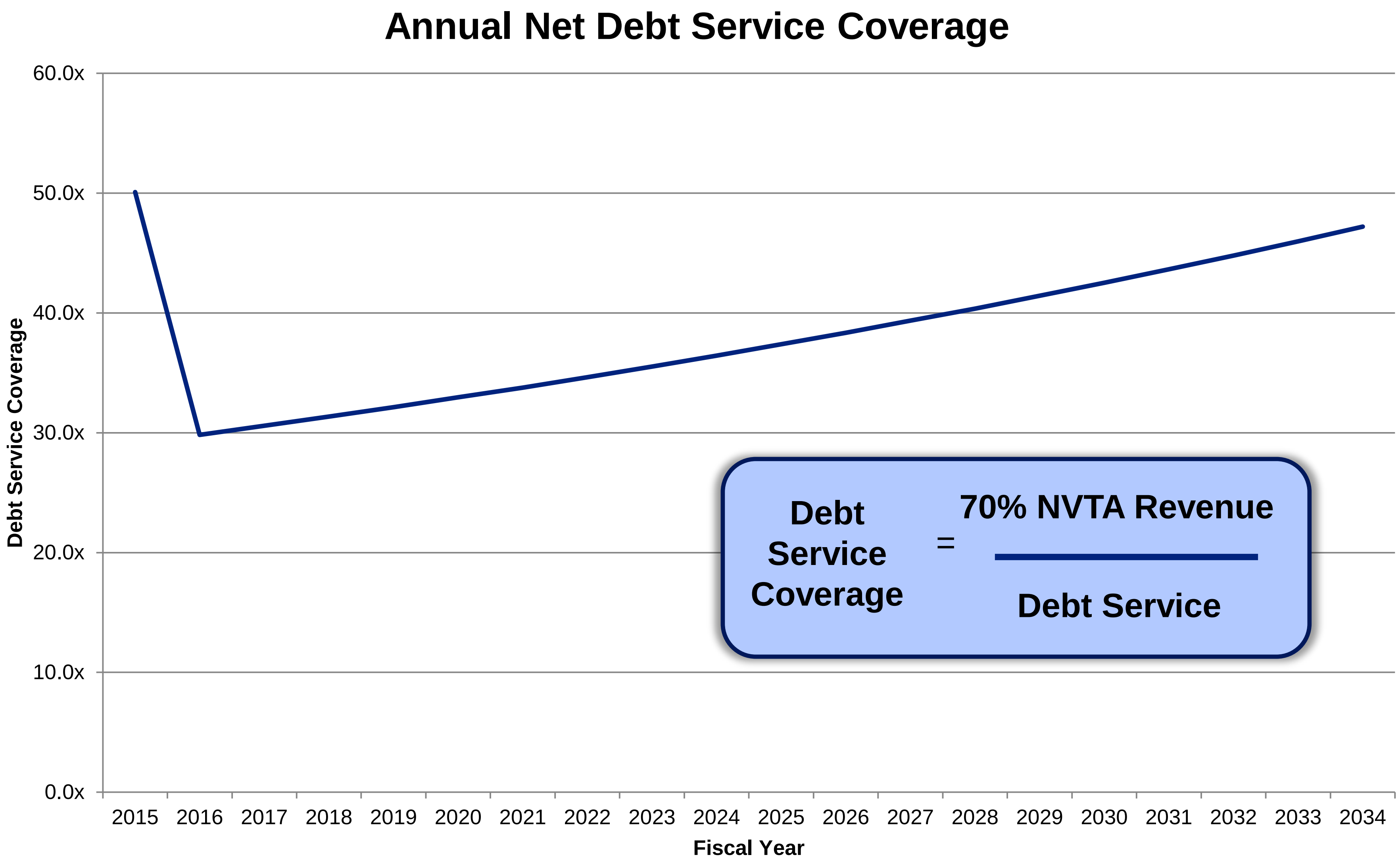
Financial Profile of the Potential Initial Issue (cont'd)



Financial Profile of the Potential Initial Issue (cont'd)



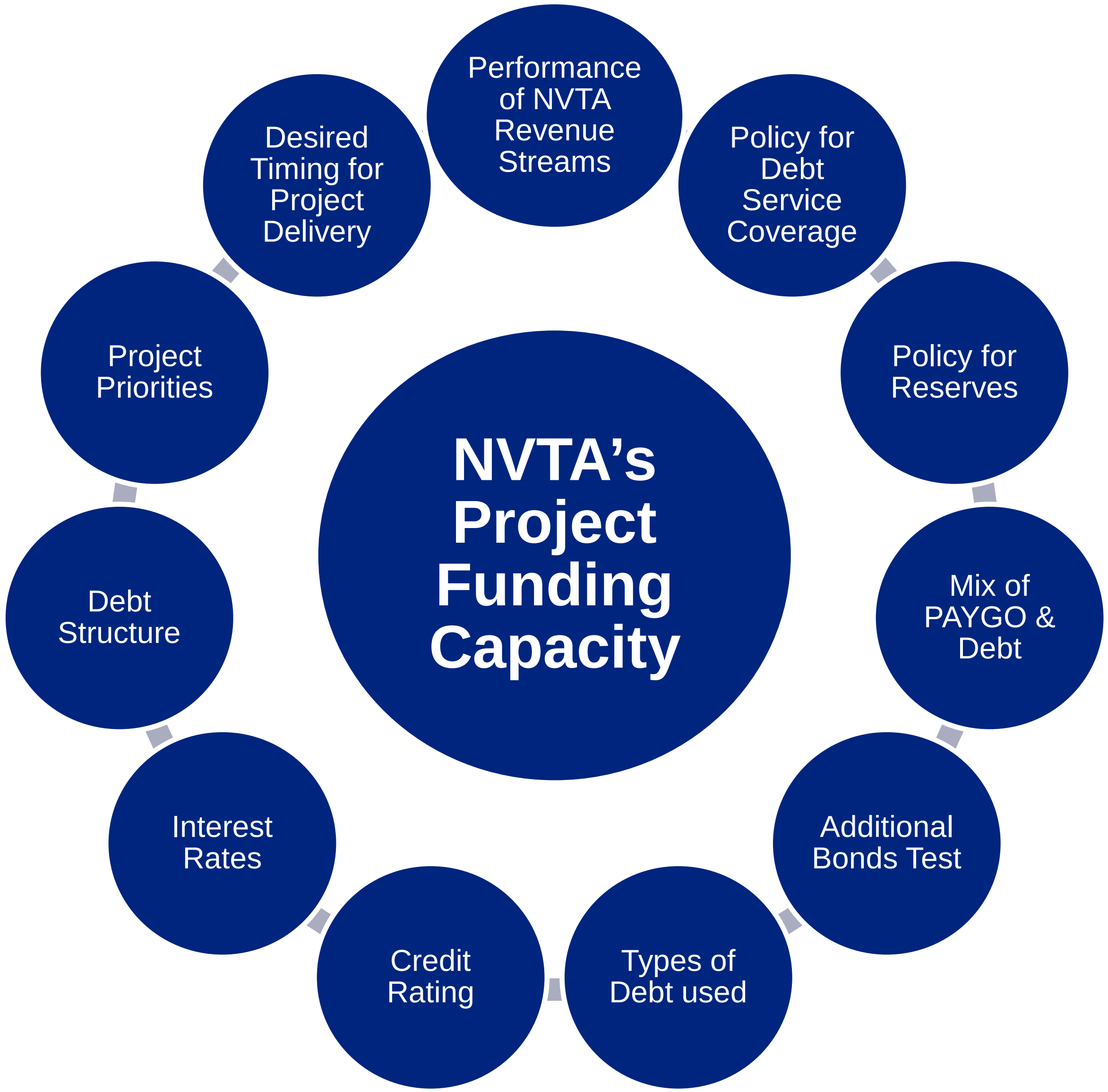
Financial Profile of the Potential Validation Issue (cont'd)



Long Range Financial Planning

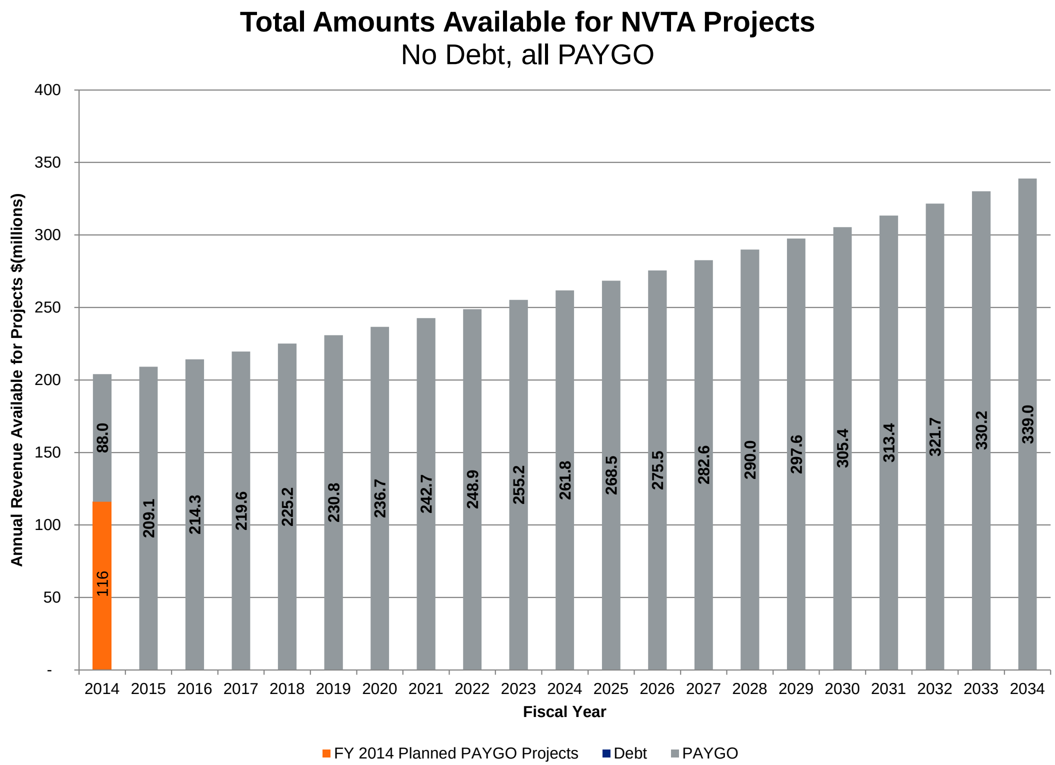
- Once NVTA has defined its project priorities beyond FY 2014 & established a multi-year capital improvement plan ("CIP"), a long range financial plan can be developed to guide:
  - Mix of PAYGO & debt
  - Timing & structure of debt issuance
  - Debt, reserve & other financial policies
  - Appropriate use of financing techniques, i.e., interim financing
  - Overall financial strength & stability of NVTA
- NVTA's funding capacity for projects will be driven by decisions regarding
  - Desired credit rating on debt
  - Mix of PAYGO & debt
  - Structure of debt
  - Types of financing techniques

Four Scenarios to Evaluate NVTA's Project Funding Capacity



Scenario A: No Debt

- If NVTA does not issue any debt, revenue available for projects will accumulate to approximately at $5.57 billion by FY 2034
- In today's dollars, total project funding capacity estimated at $4.5 billion



20-year Debt vs. PAYGO Mix (millions)			
	Nominal	**NPV**	**%**
Debt	$0.0	$0.0	0%
PAYGO	$5,572.1	$4,501.9	100%
Total	**$5,572.1**	**$4,501.9**	

Note: Net Present Value calculations based on a discount rate of 4.08%.

Debt Service Coverage (DSC) Ratio

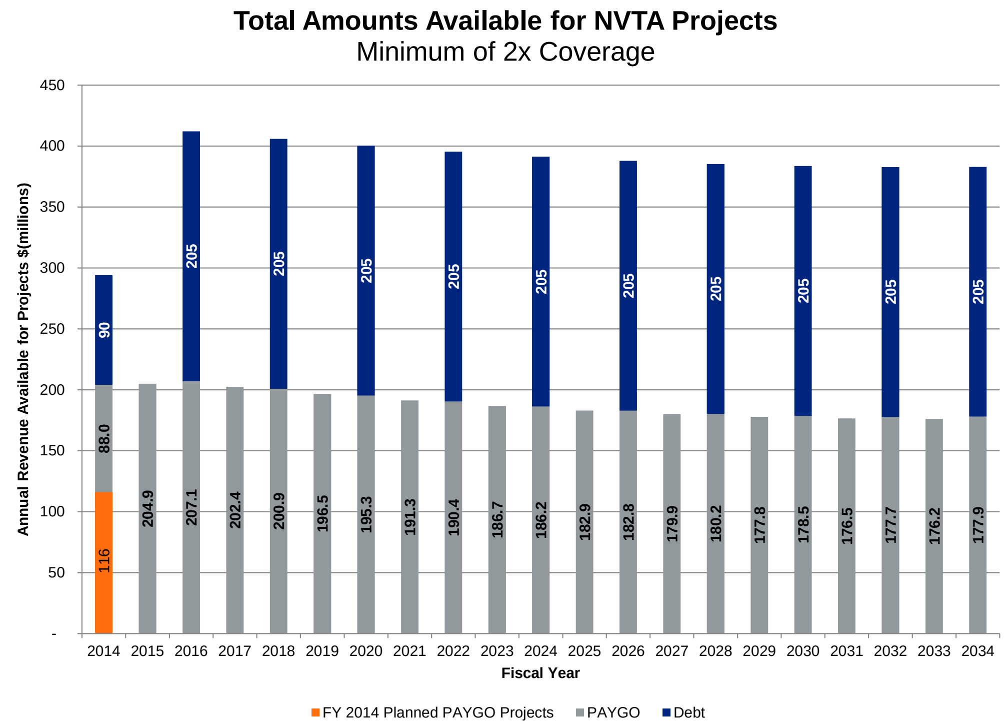
- Industry standard ratio used to evaluate dedicated tax backed bonds and revenue bonds
- Measures affordability of debt, comparing annual debt requirements to available annual revenue
- Ratio of net revenue available for debt service in a given year divided by annual debt service
  - NVTA's 70% revenue would be in numerator
  - Often times evaluated with maximum annual debt service ("MADS") in the denominator

$$\textbf{Debt Service Coverage} = \frac{\text{70\% Net NVTA Revenue}}{\text{Annual Debt Service (or Maximum Annual Debt Service)}} = \frac{\$10}{\$5} = \text{2.0 times (x)}$$

- High ratings typically follow higher coverage, all other factors held equal

Scenario C: Limit Debt to a 2.0x Minimum Coverage Ratio

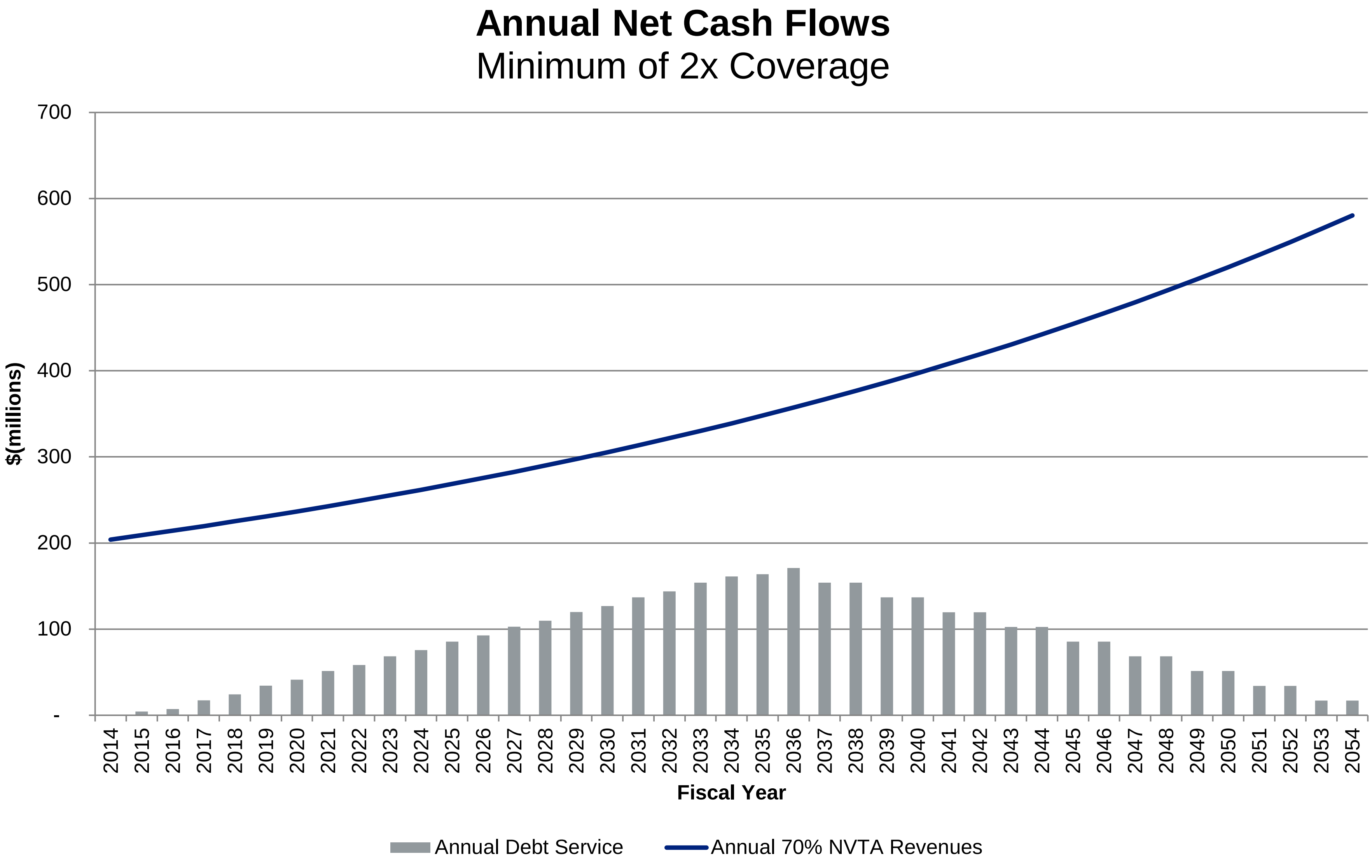
- If annual revenue exceeds annual debt service by at least 2.0x, NVTA could fund $2.14 billion of projects with debt over the 20 year period from FY 2014 to FY 2034
- Equates to issuing $205 million of bonds every other year from FY 2016 through FY 2034
- Excess revenue after paying debt service would reach $3.95 billion over the 20 year period
- In today's dollars, total project funding capacity estimated at $5.0 billion
- In this scenario, roughly 35% of capital expenditures are met with debt and 65% are met with PAYGO



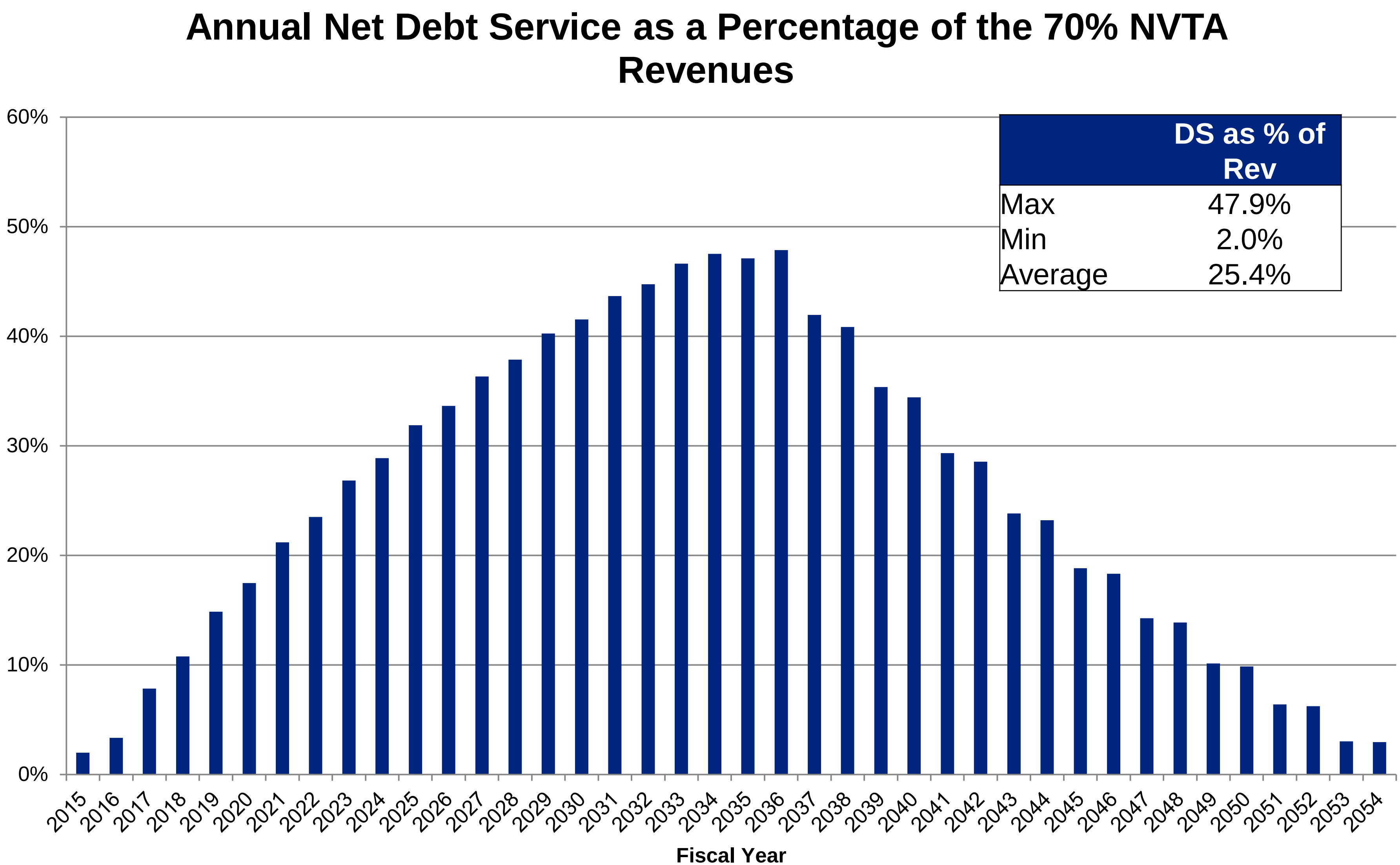
20-year Debt vs. PAYGO Mix (millions)			
	Nominal	**NPV**	**%**
Debt	$2,140.0	$1,742.7	35%
PAYGO	$3,956.4	$3,278.6	65%
Total	**$6,096.4**	**$5,021.3**	

Note: Net Present Value calculations based on a discount rate of 4.08%.

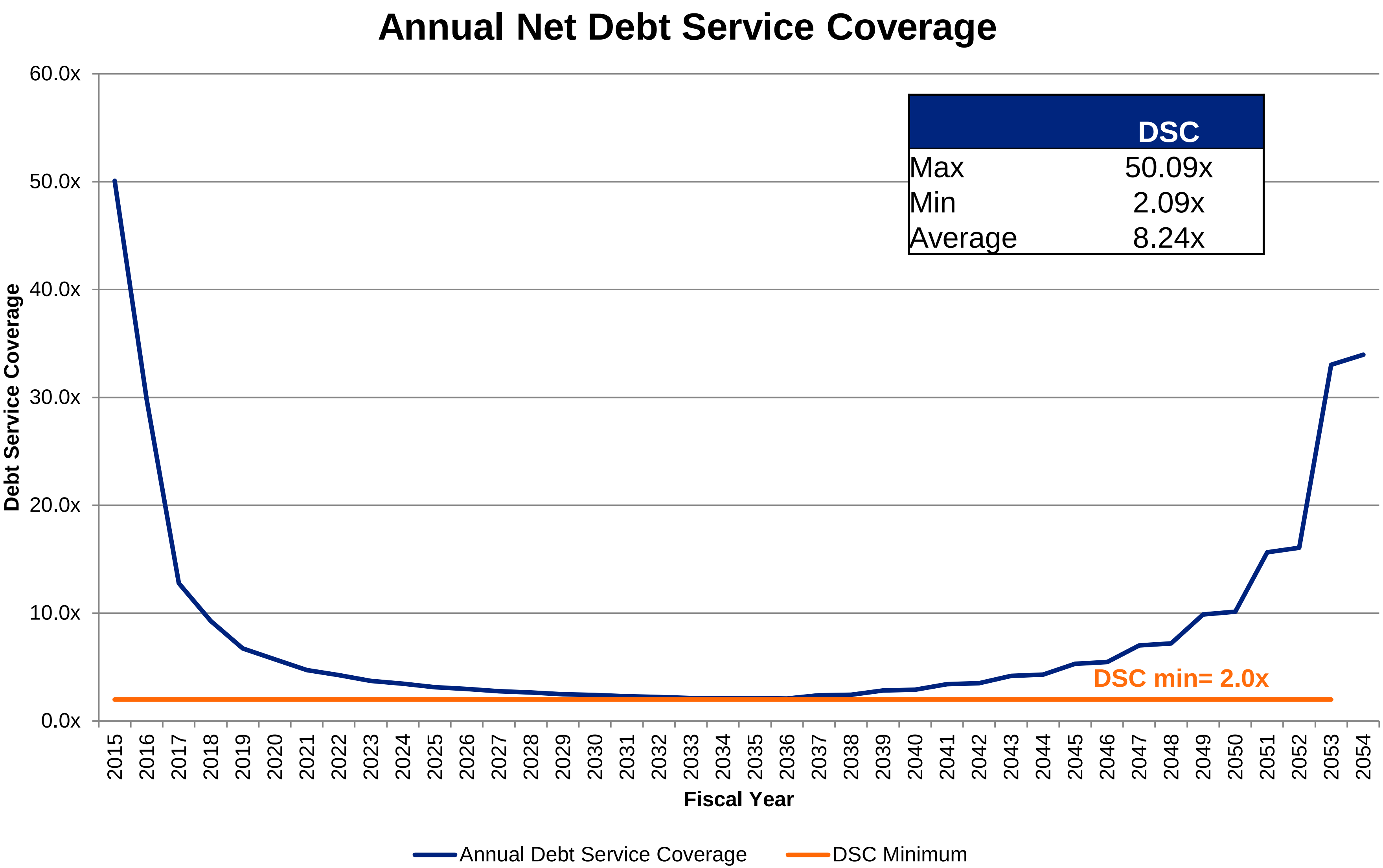
Scenario C: Limit Debt to a 2.0x Min DSC Ratio (cont'd)



Scenario C: Limit Debt to a 2.0x Min DSC Ratio (cont'd)



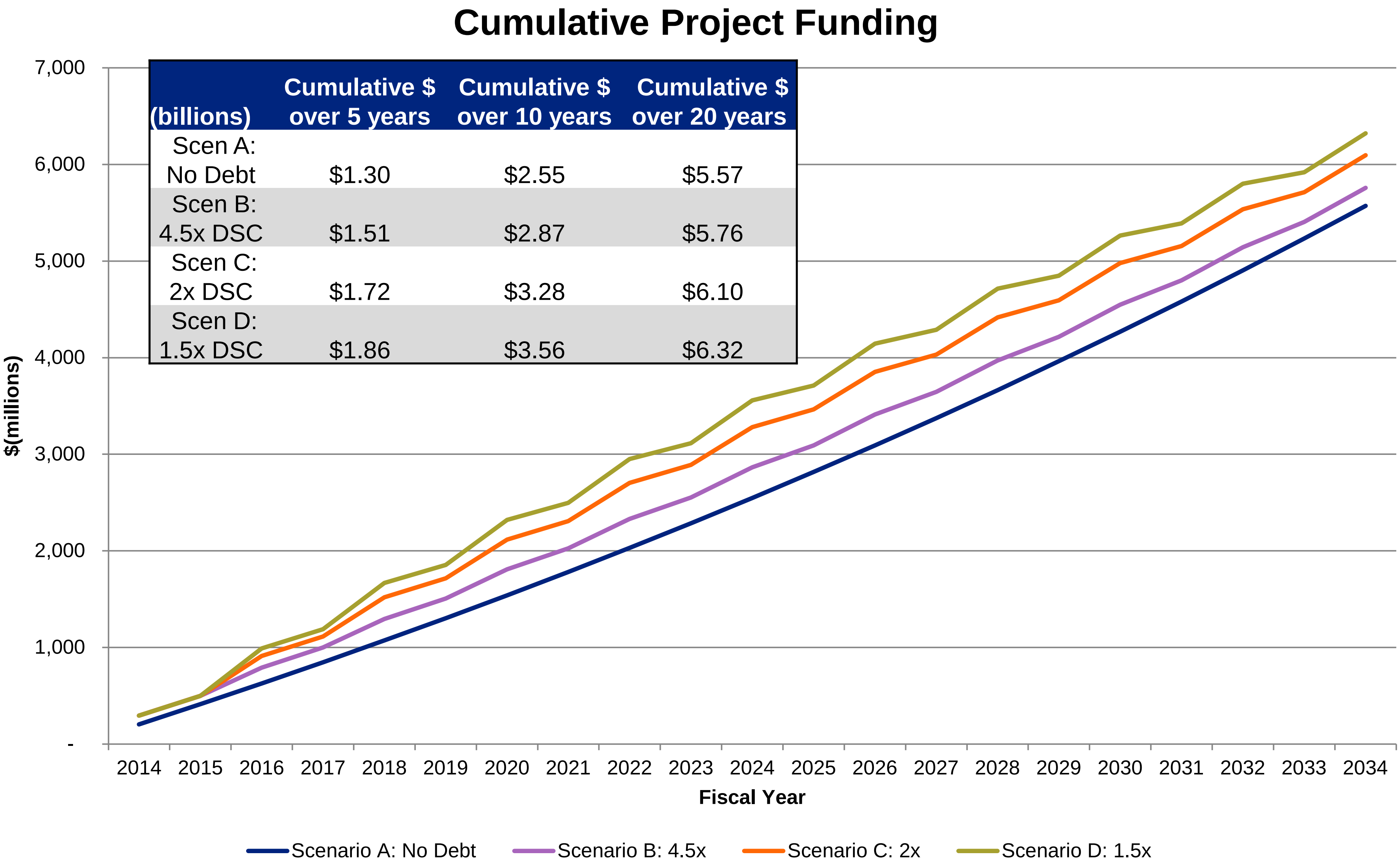
Scenario C: Limit Debt to a 2.0x Min DSC Ratio (cont'd)



Summary of Scenarios A – D

	Scenario A: No Debt	Scenario B: Limit Debt to 4.5x DSC	Scenario C: Limit Debt to 2.0x DSC	Scenario D: Limit Debt to 1.5x DSC
Bi-Annual Bond Issuance Amount	$0	$85 million	$205 million	$285 million
Total Debt Funded Projects (FY14-34)	$0	$940 million	$2.14 billion	$2.94 billion
% Debt Financing	0%	20%	35%	47%
Total PAYGO (FY14-34)	$5.57 billion	$4.82 billion	$3.96 billion	$3.38 billion
% PAYGO Financing	100%	80%	65%	53%
Nominal Total Project Funding Capacity (FY14-34)	$5.57 billion	$5.76 billion	$6.10 billion	$6.32 billion
NPV Total Project Funding Capacity (FY14-34)	$4.50 billion	$4.70 billion	$5.02 billion	$5.23 billion
Max DSC (FY15-54)	-	81.7x	50.1x	50.9x
Min DSC (FY15-54)	-	4.6x	2.1x	1.5x
Average DSC (FY15-54)	-	16.1x	8.2x	6.6x

Cumulative Project Funding



(billions)	Cumulative $ over 5 years	Cumulative $ over 10 years	Cumulative $ over 20 years
Scen A: No Debt	$1.30	$2.55	$5.57
Scen B: 4.5x DSC	$1.51	$2.87	$5.76
Scen C: 2x DSC	$1.72	$3.28	$6.10
Scen D: 1.5x DSC	$1.86	$3.56	$6.32

PAYGO & Debt: Conclusions

- Combining both PAYGO & debt leads to greater project funding capacity
- Over-reliance on either approach has its draw backs
  - Excessive debt limits financial flexibility, reduces creditworthiness
  - Exclusive use of PAYGO limits pace of project delivery
- Track record of balancing both is successful among NVTA's members
- NVTA's FY2014 proposed short term plan for PAYGO & debt is sound
- NVTA needs to develop a CIP as well as debt & financial policies prior to commencing a long range financial plan

Credit Methodology for Potential NVTA Bonds

- Methodology varies among three agencies
  - Moody's: Separate method & criteria for Special Tax Bonds with scorecard approach
  - S&P: Separate method & criteria for Special Tax Bonds
  - Fitch: Embedded in Tax supported criteria
- Differences vs. evaluation factors for general obligation bonds and/or fee backed revenue bonds (i.e, water and wastewater bonds)
- What is a "Special Tax?" (for rating agency purposes)
  - Sales & excise
  - Tourist taxes (hotel, car rental, meals)
  - Income
  - Utility services
  - Highway user taxes & fees (i.e, gas tax & motor vehicle user fees)
  - Real estate property transfer taxes
  - Court fines

Credit Factors for Special Tax Bonds

- Major factors all three credit agencies evaluate:
  - Underlying economic drivers of the revenue streams
  - Breadth & concentration of tax base
  - Revenue trends/performance, diversity & volatility/sensitivity of pledged streams
  - Collection mechanics
  - Debt service coverage
  - Legal protections for bond holders, i.e., bond covenants such as ABT, reserves, flow of funds

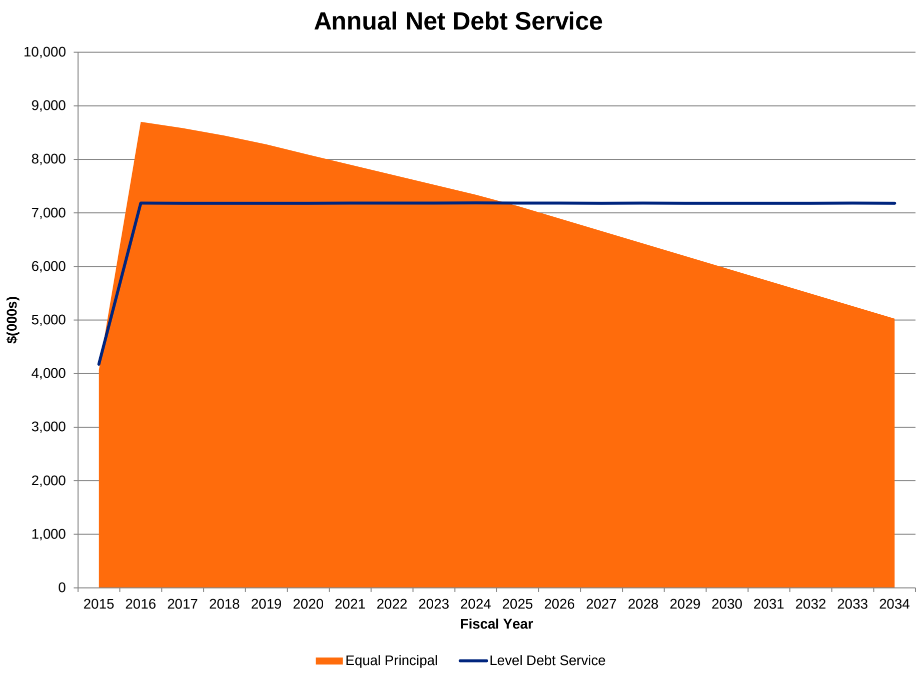
Key Legal Provisions for NVTA

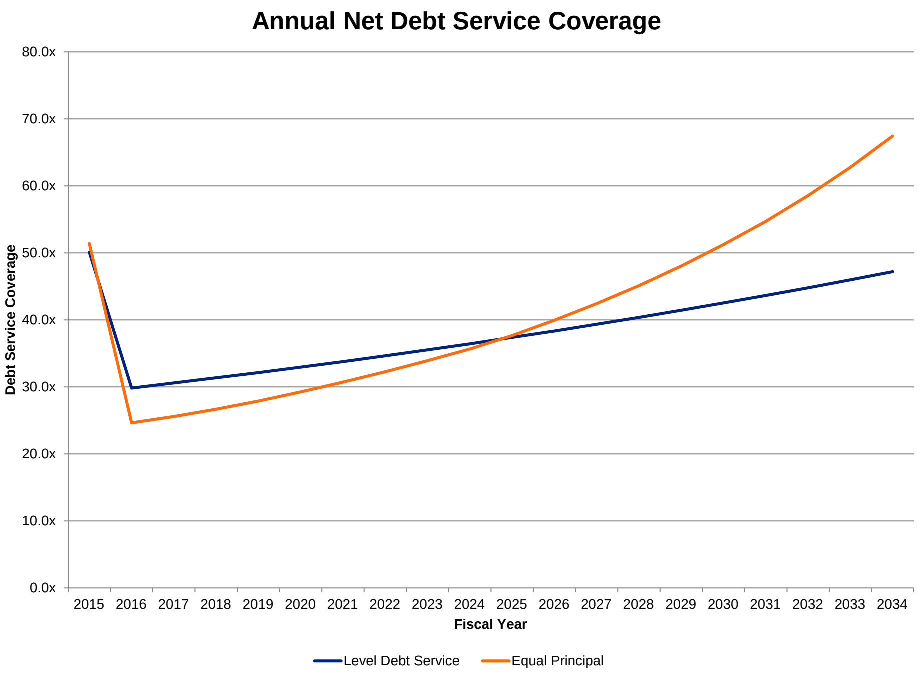
- Most important covenant is Additional Bonds Test ("ABT")
  - Limits debt issuance
  - Tested & must be met at any issuance
  - Stricter ABT leads to higher credit ratings
  - Sample ABT
    - Historical back-looking test over 12 months period to exceed [2.0x]. DSC will be calculated using 70% of the NVTA revenue compared to MADs and all senior debt
- Flow of Funds
  - Specifies when and where revenues are received and expended
  - Describes which amounts are paid first, including debt service, administrative expenses, payments to localities and filling or refilling of reserves
- Reserves
- Early prepayment provisions for bonds

NVTA Debt in Context of Local Credit Ratings

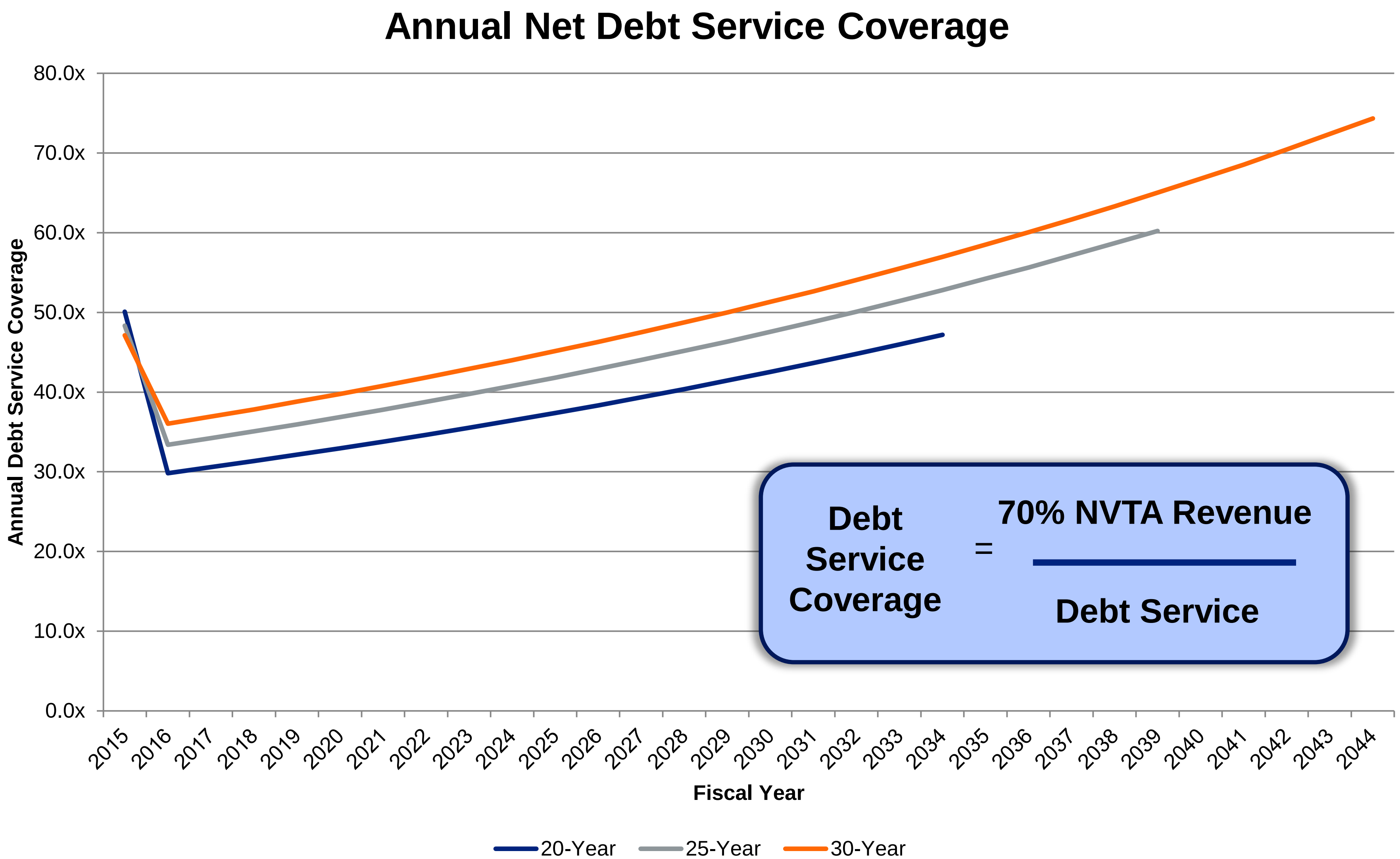
- Preliminary conversations with all three rating agencies subject to final evaluation prior to sale of bonds
- Moody's
  - Would not appear on local debt statements
  - Not direct debt and not overlapping debt
  - Localities not setting rates & not legally responsible for NVTA debt
- S&P
  - Would not appear on local debt statements
  - Not direct debt and not overlapping debt
  - S&P defines overlapping debt as debt secured by property taxes
- Fitch
  - Treated as overlapping debt on localities' debt statements
  - Tax revenue are derived from & generated by the local tax base
  - Only fee-backed (not tax backed) debt may be classified as "self supporting"

Comparison of Repayment Structures



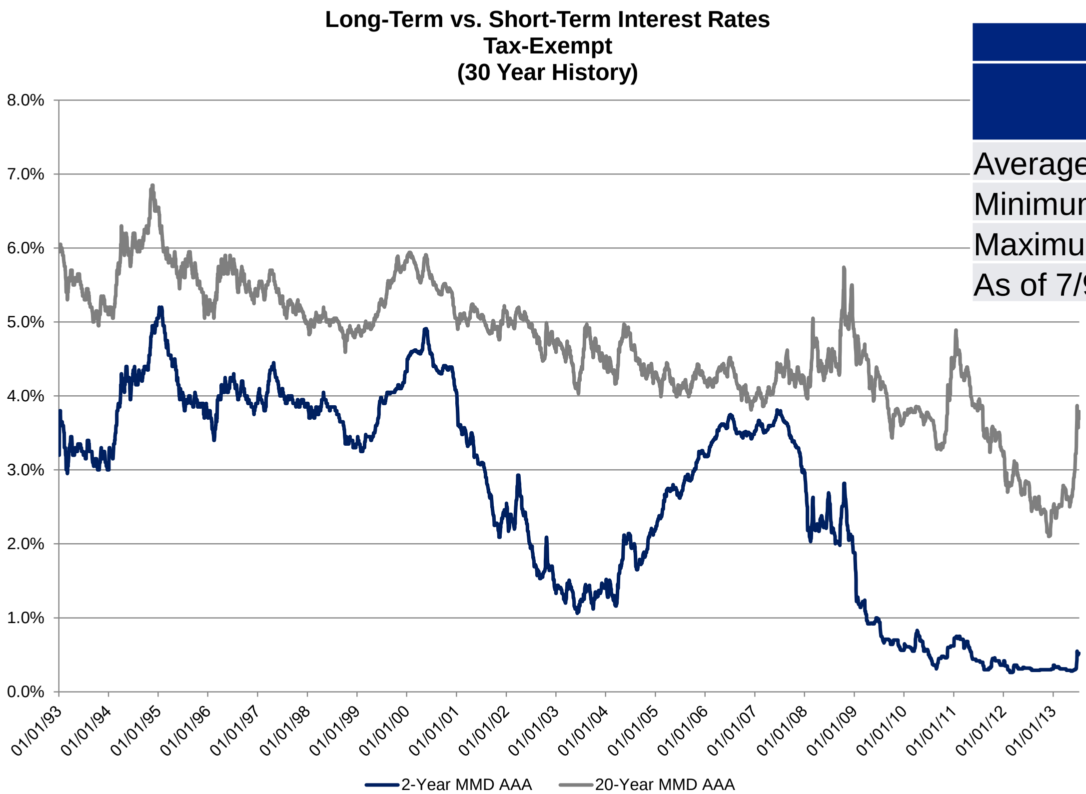


Comparison of Term of Bond Issues



Short Term Interim Financing

- Short term financing used to meet expenditures during a project construction period
- Allows flexibility to address variability in spending and cashflow uncertainty
- Method of managing cash and liquidity
- For multi-year capital plans, may lead to fewer bond sales



30-Year History		
	2-Year MMD	20-Year MMD
Average	2.61%	4.67%
Minimum	0.26%	2.10%
Maximum	5.20%	6.85%
As of 7/9/2013	0.52%	3.74%

Note: Thomson Reuters Municipal Market Data (MMD) AAA Curve represents the MMD analyst team's opinion of AAA valuation, based on institutional block size ($2 million +) market activity in both the primary and secondary municipal bond market.

Alternatives to NVTA Issuance

- Why do borrowers use bond banks?
  - Shift certain administrative burdens
  - Access stronger credit with higher ratings & lower cost of capital
  - Low or no need for structuring flexibility or control at time of issuance or in the future
  - Project implementation & associated cash flow needs are routine & predictable
  - Modest, often 1-time borrowing needs
- Why do borrowers use conduit issuers?
  - Certain borrowers cannot issue directly themselves (i.e., counties using lease revenue debt, Route 28 transportation district commission)
  - Certain borrowers must use a conduit to issue tax-exempt debt (501c-3 entities)
  - Conduit entities offer wide discretion to borrowers to carry out the transaction to match the borrower's preferences & requirements

Pure Conduit Issuer	Bond Bank/ Potential Credit Support
Virginia Resources Authority (VRA)	Virginia Resources Authority (VRA)
NVTA Member Jurisdiction/EDA/IDA	NVTA Member Jurisdiction/EDA/IDA
Commonwealth Transportation Board (CTB)	
Virginia Small Business Financing Authority	

Issuance of NVTA's 70% by Member Jurisdiction

- Subject to legal review for consistency with Act
- According to legal counsel, funded projects would need to meet requirements of the Act
- If multiple issuers, would need to evaluate flow of funds
- Analysis assumes NVTA attains double-A ratings
- No interest expressed by members of financial working group

Advantages	Disadvantages
• Member G.O. Bonds rated triple-A offer lowest cost of capital • Use of established issuers & borrowing programs • Less NVTA staff time • NVTA credit rating not required	• Non-G.O. bonds would add layer of appropriation risk • Additional staff time and ongoing administrative burden falls on member jurisdictions

Questions?

PFM®
The PFM Group
4350 N. Fairfax Drive, Suite 580
Arlington, VA 22203
www.pfm.com

4.D.

Financial Working Group
Northern Virginia Transportation Authority

MEMORANDUM

TO: Martin E. Nohe, Chairman
Northern Virginia Transportation Authority

Members
Northern Virginia Transportation Authority

FROM: William Euille, Chairman
Financial Working Group
Northern Virginia Transportation Authority

SUBJECT: Recommendations of the Financial Working Group related to the Implementation of HB 2313 (Agenda Item 4.D.)

DATE: July 18, 2013

<u>Recommendations</u>:

The Financial Working Group recommends that the NVTA take the following actions related to the implementation of HB 2313:

a) **Approve a FY 2014 budget for the Authority;**
b) **Approve a request to the local governments to fund the budget deficit for FY 2014;**
c) **Approve a policy directing that none of the 70 percent of funding the Authority is receiving for regional projects be expended until a bond validation suit has been successfully completed;**
d) **Approve a recommendation that the local governments not expend their 30 percent share of the revenues that the Authority will be receiving until a bond validation suit has been successfully completed, unless the local government is prepared to repay any money expended to the Authority, if the suit is not successful;**
e) **Direct the Financial Working Group to work with the Legal Working Group to prepare a Memorandum of Agreement between the Authority and each local government outlining procedures for distribution and expenditure of the 30 percent share of Authority revenues being allocated to the local governments consistent with HB 2313, including repayment provisions;**
f) **Authorize Chairman Nohe to execute a letter to the Commonwealth Treasury Board seeking an exemption from typical Treasury Board approval for selling bonds supported by the three taxes that the Authority will be receiving from the Commonwealth as a result of HB 2313;**

g) Authorize Chairman Nohe to execute an Electronic Funds Transfer agreement with the Department of Taxation to allow the Authority to receive the revenues from HB 2313; and

h) Suspend the debt policy adopted by the Authority in 2008.

Background:

Since the June 20, 2013, NVTA meeting, the Financial Working Group has met three times to continue its efforts to prepare for the implementation of HB 2313. Several subcommittee meetings were also held. Each of the working group's recommendations is discussed in more detail below. In addition, the working group's discussions on several other topics are also described.

FY 2014 Budget

The Financial Working Group has coordinated with the other four working groups to prepare a recommended FY 2014 budget (Attachment A) for the Authority's consideration. The proposed budget is $1,025,000 for administrative expenses. The budget includes for following:

- The costs associated with financial analysis (approved by the Authority on June 20, 2013), and a bond validation suit;
- Modest office space rental costs at the Northern Virginia Regional Commission;
- Continuation of Directors and Officers insurance coverage and the purchase of general liability insurance policy;
- Employment of up to six staff members staggered between August 15, 2013, and January 2014. These employees include: an Executive Director, a Chief Financial Officer, an accountant, two project coordinators and an administrative assistant. While the budget assumes that these individuals would be employees, that assumption would not prevent the Authority from procuring the functions provided by these positions on a contractual basis;
- Office furniture, information technology equipment, fringe benefits and vehicle mileage payments for each of the employees.
- A 20 percent contingency has been included to cover costs such as an annual audit and possible consultant support for the Project Implementation Working Group, as well as unidentified and unexpected expenses.

In addition, the Working Group has prepared an initial calculation of a FY 2015 full year budget, assuming the addition of a part time public information officer for illustrative purposes. A more formal FY 2015 budget will be submitted to the Authority for consideration in Spring 2014.

Request to Local Governments to Fund FY 2014 Budget Deficit

The Financial Working Group has identified approximately $300,000 to fund the FY 2014 budget. These funds include approximately $212,117 in Virginia Department of Transportation grant funds and approximately $100,000 in interest to be earned on the taxes the Authority receives. Subtracting these revenues results is a deficit of approximately $712,883. The Code of Virginia indicates that unless funded through other sources, the administrative expenses of the Authority will be allocated to each of its member jurisdictions based on population. While the Financial Working Group understands that difficulties of submitting a funding request to the local governments after their annual budgets are adopted, the working group believes that this is the best way to fund the Authority's FY 2014 administrative expenses. A proposed distribution of these costs is shown in the attachment. Each local government will need to determine how to pay its share of the FY 2014 budget. This could include using a portion of the 30 percent of funding allocated to the local governments who qualify for it with the caveats describe below or using some other locally available funding source. Payments would be due around October 1, 2014.

There are two other alternatives. The Authority could choose to use a portion of the 30 percent funding it will be transferring to the local government (off the top) to fund these expenses. This approach would avoid an unexpected mid-year billing to the local governments. However, as is indicated below, the Financial Working Group cautions against spending these 30 percent revenues before a bond validation suit is successfully concluded to avoid problems with refunding revenues, if the bond validation is not successful. In 2007, the Authority asked the Virginia Department of Transportation to provide a short-term loan for initial expenses. However, at the time, the Authority voted to implement the taxes and fees effective January 1, 2008, so there was a need to fund expenses before revenues were being received.

Policy Related to 70 Percent of Funding NVTA is Retaining

Based on the Authority's experience with the bond validation suit associated with the HB 3202 revenues in 2007-2008, the Financial Working Group is concerned about the possibility of needing to refund some or all of the new HB 2313 regional revenues, if the Authority decided to sell bonds and file a bond validation suit, and the suit is unsuccessful. Alternatively, if the Authority chooses not to sell bonds and loses a subsequent court challenge, there might also be a need to refund revenues collected by the Commonwealth on the Authority's behalf. As a result, the Financial Working Group recommends that the Authority approve a policy statement that it will not spend any of the 70 percent of regional funds it retains, until there is a final ruling in a bond validation case.

One disadvantage of this approach is that Authority will be collecting revenue for approximately eight months before the bond validation suit is resolved. During this time approximately, $94 million might be collected, but not immediately used. This would be contrary to urging from some state officials to begin showing progress on implementing projects as quickly as possible. The Financial Working Group believes that holding the revenue is preferable to having the Virginia

Supreme Court rule against the Authority when projects are under construction.

Recommendation Regarding the Local Jurisdictions' Expenditure of 30 Percent of Funding NVTA will Receive

As noted above, the Financial Working Group is concerned about the possibility that the Authority's bond validation suit will be unsuccessful. In 2008, the Authority was required to refund approximately $30 million in taxes and fees collected before the bond validation litigation was complete. HB 2313 requires that the Authority transfer 30 percent of the revenues it receives to the local governments in which the revenues are raised. In addition, counties are directed to work with towns to ensure that they receive their share of the funding. The Financial Working Group anticipates that NVTA will start receiving revenues from HB 2313 in September 2013. The working group is attempting to put various procedures in place to allow the Authority to begin transferring funds to the local governments in late September 2013. Some additional approvals will be needed from the Authority at the September 26, 2013, meeting to accomplish this. However, in light of the uncertainty about the outcome of a bond validation suit, the Financial Working Group strongly recommends that the Authority caution local governments to either avoid spending the money until a bond validation suit is resolved or be prepared to reimburse the Authority for any money spent, if the bond validation is not successful. This approach would allow each local governing body that qualifies to receive a portion of the 30 percent of funding the Authority will be distributing to the local governments the opportunity to decide which approach works best for its local government. The Financial Working Group further recommends that this concept be included in the Memorandum of Agreements (MOAs) between the Authority and its local governments. These MOAs will be presented for the Authority's consideration at the September 26, 2013, meeting.

Direct the Financial Working Group and the Legal Working Group prepare a Memorandum of Agreement with each Local Government

As noted above, the Financial Working Group and the Legal Working Group recommend that the Authority enter into an MOA with each of its local governments establishing the procedures for the disbursement and expenditure of the 30 percent of funding that the Authority will be transferring to the local governments. The agreement would address several topics including:

- Address the timing and frequency of distribution of tax revenues to the local governments;
- Reiterate the statutory requirements included in HB 2313 for the use of the funding, including the penalties for failure to abide by these requirements;
- Outline the reporting requirements for the local government to demonstrate how the funding was spent;

- Discuss the local governments' options for spending funding before the bond validation suit is complete and the requirement that the local governments repay the Authority, if the bonds are not validated.

The Financial Working Group believes that these agreements should be as short as possible, while ensuring that all requirements are met. The working group expects that these agreements will be ready for the Authority's consideration at the September 26, 2013, meeting. In addition, the working group will also be developing a separate agreement between the Authority and each local government and transportation agencies outlining the procedures for implementing projects with the 70 percent of funds that the Authority will be distributing to regional projects. This agreement should also be available for the Authority's consideration in September 2013.

Exemption from the Commonwealth Treasury Board

If the Authority determines to issue bonds payable from and secured by the regional taxes and fees, then because the Authority is a state authority and the revenues from the regional taxes and fees are appropriated to the NVTA Fund, "terms and structure" approval of the Treasury Board of the Commonwealth may be required under Section 2.2-2416(7) of the Virginia Code. However, Section 2.2-2416(8) authorizes the Treasury Board to exempt certain types or classes of bonds and other financing arrangements from its review and approval. Treasury Board staff has already indicated that it will support such an exemption and, if Treasury Board receives a formal request from the Authority relatively soon, it will consider approving the exemption at either its August or September meeting. The Financial Working Group recommends that the Authority authorize the Chairman to send a letter to the Treasury Board requesting this exemption. The letter will be prepared by the Authority's bond counsel and coordinated with the Legal Working Group.

Electronic Funds Transfer Agreement

HB 2313 requires that the revenue from the three regional taxes and fees be deposited into the Northern Virginia Transportation Authority Fund. The revenue is then to be distributed from that fund to the Authority via electronic means. As a result, the Authority must enter into an Electronic Funds Transfer Agreement with the Commonwealth of Virginia through the Department of Accounts. This agreement has been reviewed by the Legal Working Group. The Financial Working Group recommends that the Authority authorize Chairman Nohe to execute this agreement.

Suspension of Debt Policy

In January 2008, the Authority approved a debt policy based on the situation at the time. This policy was based on the fact the Authority had impose seven taxes and fees in July 2007, and began collecting these taxes and fees on January 1, 2008. It was also structured based on the requirements of HB 3202 (2007), some of which no longer apply. Since the Authority's revenue sources are different as a result of HB 2313 and the financial markets have also changed considerably since 2008, bond counsel recommends that the Authority suspend the current debt policy. The Financial Working Group, in conjunction with the Legal Working Group, bond counsel and the Authority financial advisor will bring a new debt policy forward for the Authority's consideration later this fall.

Report of the Financial Advisor

On June 20, 2013, the Authority authorized engaging PFM (the Authority's financial advisor) to undertake a scope of work (Attachment B) for an analysis for bond funding projects versus "pay of you go" financing. This effort was also intended to address a number of items that were included in a memorandum from Davenport and Company to Loudoun County (Attachment C) regarding a possible bond sale. The Financial Working Group established a subcommittee of debt managers from Loudoun, Prince William, Fairfax and Arlington Counties to assist PFM in addressing the scope of work. The subcommittee met with PFM several times. PFM also met with the entire Financial Working Group and with the financial advisors for the NVTA member jurisdictions that it does not represent as it prepared its analysis. PFM's Managing Partner JoAnne Carter will present PFM's analysis, findings and recommendations at the NVTA meeting on July 24, 2013.

Allocation of Revenues to Towns

Staff from each of the three affected counties (Fairfax, Loudoun and Prince William) have been met with or discussed the allocation and distribution of revenues with the appropriate towns. The Financial Working Group will be preparing final recommendation on the distribution of revenues to the towns for the Authority's consideration on September 26, 2013.

Preparation for an Initial Bond Sale

As directed by the Authority on June 20, 2013, the Financial Working Group has continued to work with the Legal Working Group and the Project Implementation Working Group to prepare the appropriate documents for an initial bond issuance for the Authority's consideration on July 24, 2013. Those documents are included elsewhere on the agenda. The Financial Working Group believes that a modest bond issue (in the range of $50 to $100 million) may not only assist NVTA in resolving any legal challenges, but would also provide upfront revenues to initiate some regional projects. Such revenues would allow the Authority and its member local governments to begin implementing projects faster than simply relying on a "pay as you go" method. The Financial Working Group recognizes that debt and "pay as you go" financing are both important tools to achieving an improved transportation system in Northern Virginia.

<u>On-Going Activities</u>

The Financial Working Group is still working on several additional tasks. These include:

- documenting each local government's intention related to the adoption of the Commercial and Industrial Property Tax for Transportation at $0.125 per $100 valuation or equivalent and current levels of transportation expenditures;
- establishing procedures for cash flow analyses for projects;
- developing audit procedures;
- updating NVTA's procurement policies;
- preparing a position description for a Chief Financial Officer or consultant to handle the same functions.
- preparing a recommendation for the Authority related to the calculation of the long-term benefit that jurisdictions will receive from the implementation of the projects and services supported by the 70 percent of funding that the Authority will retain for regional projects.

Financial Working Group members and I will be available at the NVTA meeting on July 24, 2013, to answer questions.

Cc: Members, NVTA Jurisdiction and Agency Coordinating Committee
 Members, NVTA Financial Working Group

Attachment B

NVTA Financial Analysis – Scope of Work
Approved: June 20, 2013

The NVTA desires the performance of the Financial Advisor to develop a comprehensive, long range plan of finance based on the 70 percent income projected from the recently adopted transportation bill (HB 2313). The plan of finance will build upon the NVTA Project List for FY 2014 and NVTA's TransAction 2040 Regional Transportation Plan and overlay certain required financial analyses and metrics, such as debt capacity. The initial analysis shall focus on the most effective uses of the projected multi-year income stream, and provide a sound foundation for best financial management practices that include investment and debt affordability policies. Dependent upon the findings and recommendations from the initial phase and the recommendations of the Financial Working Group and the decisions of the NVTA, the long range financing plan will be an important prerequisite to the rating dialog and will enable NVTA to present a comprehensive financial strategy to the rating agencies and participants in the bond market. This approach will give the rating agencies the in-depth analysis and a financing plan on which to perform their credit analysis and help NVTA achieve credibility with the participants in the bond market.

Initial Phase of Finance Development

The company will develop a comprehensive plan of finance that encompasses NVTA's long range capital plan and revenue forecast. The plan shall provide alternatives for financing the transportation program. The individual tasks and deliverables will be:

1. An analysis of debt vs. pay-as-you-go financing, including an analysis of alternatives to debt financing.
2. An analysis of various financial alternatives and debt structures, including, but not limited to fixed rate debt, variable rate debt, & interim financing. Identify the types and amounts of securities required for NVTA to issue a bond. How do these requirements compare to those of larger jurisdictions requirements? Recommend specific details and schedule for an initial bond issue, including size, maturity schedules, timing of sale, call provisions and other related items.
3. Analyze the impact of items 1 and 2 on the legal and credit provisions of NVTA's borrowing program, such as debt service coverage thresholds, including an analysis of the implications and potential impacts on localities of the issuance of debt by NVTA.
4. An analysis of implications and potential impacts on NVTA and the localities should another entity or conduit borrower, such as the Virginia Resource Authority, issue debt on behalf of NVTA member jurisdictions supported by the 70 percent share of funding NVTA retains.
5. An analysis of pros and cons of bond sales supported by the 70 percent share of funding NVTA retains through NVTA versus individual locality or localities.
6. Attend all NVTA Financial Working Group meetings
7. Participate in conference calls and meetings as necessary
8. Prepare and provide a memorandum and presentation for the NVTA Board on July 24, 2013, and a presentation to the Financial Working Group before the NVTA meeting.
9. Provide other financial advisory services, as requested by NVTA

A Future Phase

1. Support the Council of Counsels, Bond Counsel and the Financial Working Group with the bond validation proceedings, as needed, including potential expert witness testimony
2. Develop financial, investment and debt affordability policies, in accordance with the recommendation of the financial working group
3. Develop a multi-year debt capacity model, which can accommodate various scenarios and “what if” analysis
4. Work with NVTA’s bond counsel, McGuireWoods, to review bond validation authorizing resolution and documents, including the following:

    a. Review NVTA’s plan to issue the bond validation suit. Analyze, evaluate and, if appropriate, recommend modifications to NVTA’s plan.
    b. Work with NVTA staff and McGuire Woods to complete the authorizing resolution, and to review all documentation, including ordinances and bond documents relating to the bond validation suit, and make recommendations as appropriate.

5. Provide options and a recommendation regarding an optimal long-range plan of finance. Recommend specific details and schedule for this initial bond issue, including size, maturity schedules, timing of sale, call provisions and other related items.

DRAFT FY 2014 Administrative Budget
July 18, 2013

		FY 2008	**Proposed FY 2014**	Draft FY 2015	
Legal	1	$125,000	**$125,000**	$0	Bond Counsel expenses (to be reimbursed by bond issue) + Other costs associated with validation
Public Outreach	2	$25,000	**$30,000**	$75,000	Includes part time PIO in FY 2015
Organizational	3	$212,500	**$156,000**	$179,227	Executive Director and administrative support; ED hired 8/15/13; administrative support 9/1/13
Financial	4	$162,500	**$178,333**	$230,000	CFO + Accountant (9/1/13, 11/1/13)
Project Implementation	5	$144,000	**$90,000**	$144,000	Two Program Coordinators; Start dates (10/1/13 and 1/1/14)
Fringe Benefits	6		**$127,300**	$183,968	Budgeted at 30% of personnel costs
Office Space Lease	7	$78,750	**$2,550**	$5,100	Waived for first six months
Office Space Build Out	8	$81,000	**$36,000**	$6,000	Furniture, computers for six people (FY 2014) + PIO (FY 2015)
Telecommunications Equip.	9	$18,000	**$10,000**	$12,000	Cell phones for five people (FY 2014); six people (FY 2015)
Vehicle/Transportation	10	$35,560	**$6,000**	$14,000	Mileage allowance
Financial Services	11		**$80,000**	$60,000	PFM contract (FY 2014); Other financial services (FY 2015)
Operating Expenses	12	$30,000	**$10,000**	$10,000	Copies, Postage
Insurance	13	$7,500	**$3,000**	$3,000	Continue existing directors and officers coverage. Additional coverage: General Liability
Subtotal		**$919,810**	**$854,183**	**$922,295**	
Contingency (20%)		$183,962	**$170,818**	$184,459	
Total		**$1,103,772**	**$1,025,000**	**$1,106,754**	

1. Costs are expected to be similar as the bond validation in 2007.
2. FY 2014: rebuild website ($20,000) + public notifications/outreach ($10,000). FY 2015: Part time public information officer ($60,000) + public notifications/outreach ($10,000) + website maintenance ($5,000)

3. Assumes ED hired 8/15/13. Annual Salary: $155, 227 ($130,000 + inflation); 10.5 months = $135,823. Admin. Assistant starting 9/1/13. Annual = $24,000. 10 month = $20,000
4. CFO = $150,000. Start 9/1/13. 10 months = $125,000. Accountant = $80,000 Starting 11/1/13. 8 months = $53,333.
5. Two Staff Coordinators. Annual Salary: $72,000 each. One hiring on 10/1/13 and one on 1/1/14

8. $6,000 per employee including work station and computer.

10. Mileage allowance: $2,000 per employees (half year - FY 2014)
11. PFM Phase I work = $80,000. FY 2015 include $60,000 for financial support.
12. Copies and Postage. Internet and phone covered by NVRC
13. $500 for directors and officers coverage. $2,500 for General liability coverage

FY 2014 Projected Revenue for Administrative Expenses
July 18, 2013

Existing Cash On Hand	$212,117	
Interest on Transportation Revenues	$100,000	
Billed to Local Governments (see below)	$712,883	
Total	$1,025,000	$1,025,000

	2010 Population	
Alexandria	6.30%	$44,912
Arlington	9.40%	$67,011
Fairfax City	1.00%	$7,129
Fairfax County	48.00%	$342,184
Falls Church	0.60%	$4,277
Loudoun	14.20%	$101,229
Manassas	1.70%	$12,119
Manassas Park	0.60%	$4,277
Prince William	18.20%	$129,745
	100.00%	$712,883

Davenport Public Finance
Post Office Box 85678
Richmond, Virginia 23285-5678

One James Center
901 East Cary Street – 11th Floor
Richmond, Virginia 23219-4037
804-697-2900

MEMORANDUM

To: Hon. Scott York

From: Courtney E. Rogers, *Senior Vice President, Davenport Public Finance*

Re: Northern Virginia Transportation Authority

Cc: Tim Hemstreet, County Administrator
Charles Yudd, Assistant County Administrator
Ben Mays, Chief Financial Officer
Penny Newquist, Deputy Chief Financial Officer
Janet Romanchyk, Comptroller
Martina Williams, Debt Manager
David P. Rose, *Senior Vice President and Manager, Davenport Public Finance*
Joe Mason, *Senior Vice President, Davenport Public Finance*

Date: May 22, 2013

With the recent passage of HB 2313 and subsequent signing of the legislation by Governor McDonnell, planning for use of the approximately $270 million+ in annual transportation revenue has begun in earnest. It has come to our attention, through consultation and discussion with County Staff, that both you and they have identified a number of critical and fundamental questions that need to be addressed regarding the strategic use of the annual revenues coming to the NVTA. As Financial Advisor to Loudoun County, Davenport & Company LLC ("Davenport") shares these concerns and through this letter, we seek to further articulate them, as well as to suggest a proactive path forward.

As you are aware, 30% of the annual revenue derived from HB 2313 will go directly to the localities. These revenues may either be used to cash fund projects, or leveraged, as each individual locality determines. The remaining 70% of annual revenue may be used as determined collectively by the NVTA board, insofar as such use is consistent with State Statutes. It is the monies making up the 70% and the planning process for their use that we wish to draw your attention.

According to County Staff, it appears that a decision has been made, at least among several of the parties participating in the various NVTA working groups, to leverage these future revenues through the issuance of debt by the NVTA, rather than using the funds on a pay-as-you-go basis in the coming year. While there are many factors that may influence the NVTA's decision to issue debt or cash fund projects, to our knowledge, the rationale to use leverage versus other options has not been fully vetted based on the financial environment we are in today.

It is our understanding that the NVTA distributed draft "Debt Policies" to its members pursuant to a memorandum dated January 7, 2008, and it is pursuant to these policies that the NVTA anticipates issuing debt by leveraging future revenue streams. These policies make certain assumptions about the structural requirements for the NVTA to issue bonds on an investment grade basis. For example, the policies establish a requirement that annual revenue must exceed annual debt service by more than 150% (i.e., for every $1.00 of debt service the NVTA needs $1.50 of revenue) and that the NVTA must establish a reserve funded from bond proceeds. These policies may, or may not, be consistent with the rating objective or other legal covenant requirements commonly accepted in today's municipal marketplace. For example, if Loudoun County were to obtain its proportionate share of the 70% in the form of a direct payment, then the County could leverage these dollars without having to require roughly $1.50 of revenues for each $1.00 of debt service. Moreover, a debt service reserve fund, costly in today's interest rate environment, would most likely be unnecessary. Finally, the interest rate(s) paid by Loudoun could be equal, if not lower than that of the NVTA depending upon the ultimate credit/security determined by Loudoun.

There have been material changes in the Public Capital Markets since the financial crisis in late 2008. Any policies or debt issuance contemplated in today's market must be reviewed based on the current environment and not policies promulgated in 2008. Further, it is our understanding that Loudoun County Staff has not been involved in the development or recommendations of these policies. At a minimum, the NVTA planning process needs to first incorporate a multi-faceted review of any and all Plan of Finance options before the NVTA moves forward with a bond issue or bond validation suit.

We respectfully recommend a more measured, consensus-driven approach. All parties will benefit from a full understanding of all alternatives by NVTA members and recognition that critical choices made now will have far reaching implications for the member localities over the next 20 years or more. We would be pleased to participate in the planning process to add our perspective to the alternatives under consideration. Davenport serves as financial advisor to five of the nine localities that are NVTA members (Loudoun County and the Cities of Alexandria, Fairfax, Manassas Park and Falls Church) and, as such, we believe that our clients' interests would be best served by an inclusive approach to the planning process.

We recognizes the magnitude of the decisions related to the utilization of revenues derived from HB 2313 and the potential issuance of debt by the NVTA. Prior to any formal decisions, we believe it is imperative for Loudoun and the other members to have a clear understanding of the ultimate Plan of Finance and the rationale for any currently proposed Plan of Finance. To that end, we suggest a meeting take place between the key stakeholders, including their Finance Staff and respective Financial Advisor(s) so that all affected parties can be fully aware of and have input into the final Plan of Finance for the NVTA.

We believe that three members, the Counties of Arlington, Prince William and Fairfax are served by Public Financial Management, and that the City of Manassas has worked with Springsted in the past. Davenport has worked on regional projects effectively with both of these firms to the benefit of all interested parties.

Suggested Plan of Action:

As a next step, we suggest that the NVTA have the two Financial Advisors who represent the majority of the stakeholders, Davenport and Public Financial Management, collectively present the pros and cons of using the 70% as pay-go funding versus leveraging the funds by issuing bonds. Some of the items that would be discussed include:

- If bonds are issued should the bonds be leveraged by NVTA or the individual localities;
- What are the credit implications of NVTA borrowing on the individual localities if any;
- What happens if the General Assembly were to make changes to the formula in later years while bonds are still outstanding;
- Do the draft policies need further refinement in light of the 2008 credit crisis;
- Are there other alternatives to debt financing which NVTA should consider;
- How will debt issued by NVTA be viewed by the rating agencies as it relates to the individual localities? (eg. Overlapping debt)

EDI Payment Agreement
For Non-State Agencies

This agreement is entered into as of this________day of_______________, 20____ between the Commonwealth of Virginia ("Commonwealth"), and the ______________________________________ ________________ ("AGENCY").

AGENCY hereby authorizes the Commonwealth to make payments utilizing, at the Commonwealth 's option, electronic data interchange ("EDI"). AGENCY acknowledges and agrees that the terms and conditions of all agreements between the AGENCY and the Commonwealth concerning the method and timing of payment shall be amended to the extent provided in this Agreement.

The EDI payment shall be deemed completed when the AGENCY's Depository Institution has accepted the payment order within the meaning of Article 4A of the Uniform Commercial Code as enacted in Virginia. The Electronic Payment Information Form is an integral part of this agreement.

If CTX is chosen, AGENCY understands and acknowledges that the Commonwealth will deliver the remittance data to AGENCY's designated Depository Institution. If CCD+ is chosen, the Commonwealth agrees to provide the remittance data via the Internet.

The AGENCY shall provide the Department of Accounts ("DOA") written notification of any change in the depository institution, payment instructions, or remittance data instructions at least 15 days in advance of such change. Such notification shall be delivered to DOA via:

- E-mail to: edi@doa.virginia.gov,
- Fax to: (804) 414-9896, or
- U.S. Mail to: Virginia Department of Accounts, eCommerce Unit, P.O. Box 1971, Richmond, VA 23218-1971

A "Trading Partner Notification of Change" form can be printed from DOA's website (www.doa.virginia.gov), the changed information filled in, and the form faxed or mailed to the fax number or address above, respectively.

In the event of duplicate payment, overpayment, fraudulent payment, or payment made in error, AGENCY agrees to return any such payment to the Commonwealth, after the Commonwealth first provides information to the AGENCY documenting any duplicate payment, overpayment, fraudulent payment, or payment in error.

The Commonwealth shall be responsible for making all payments required pursuant to this Agreement and for any loss of payment prior to the point at which the AGENCY's Depository Institution shall receive or have control of the payment, except that AGENCY shall be responsible for any loss which may arise by reason of any error, mistake, or fraud regarding the information provided herein, or any subsequent changes. Any other loss shall be borne by the Commonwealth, except to the extent that such loss arises by reason of the negligence or willful misconduct of the AGENCY. In the event that payment timely initiated by the Commonwealth has not been received by the AGENCY because of failure or delay by the funds transfer system or rejection by the AGENCY's bank, the Commonwealth shall pay the AGENCY as soon as practicable after such failure or delay is discovered.

Signature: ________________________________

Print Name: ________________________________

Title: ________________________________

Date: ________________________________

AGENCY, GRANTEE, LOCALITY, and NON-STATE AGENCY ELECTRONIC PAYMENT INFORMATION FORM

***Agency, Grantee, Locality, or Non-State Agency Information*:**

Name ____
(THIS MUST BE THE NAME REGISTERED WITH THE IRS FOR THE TAXPAYER ID)

Check one: Locality ____ Grantee _____ State Agency _____ Non-state agency _____

Is another company fiscal agent for your organization? Yes _____ No _____

Purpose of Account (General, Utilities, Education, Etc.) ______________________________

Taxpayer ID Number _______________________________________

Mailing Address (Street or P.O. Box)____

(City)__________________________(State)______(Zip Code)__________________

Contact Person _____________________________________ E-mail____________________

Area Code/Telephone No. (include extension) ______________________________________

Payment Format Desired (Required – must select one): CCD+ ____ CTX ____

Fax Telephone No. _______________________________________

***Bank Information*:**

Name of Bank ____

Address of Bank (Street or P.O. Box)____

(City)______________________(State)______(Zip Code)____________________________

Check one: Checking ____________ Savings __________

ACH Transit Routing Number for Bank (9 digits) ____________________________________
(If your bank merged in the last year, please confirm the ACH Transit Routing Number and the Bank Account Number with them before submitting this form.)

Bank Account Number (ACH) ___________________________________

Bank Contact Name____________________________________ E-mail____________________

Bank Area Code & Telephone Number ____________________________

For information about filling out these EDI forms or on the Commonwealth of Virginia's Financial Electronic Data Interchange program, refer to the "EDI Guide for Vendors, Localities, Grantees, State Agencies and Non-state Agencies" on the Department of Accounts website, www.doa.virginia.gov. Click on the "EDI" button and scroll down for a listing of the EDI documents available on the website.

A payment format, either CCD+ or CTX, must be selected on the Electronic Payment Information Form. These formats determine how the remittance detail (e.g., invoice number, invoice date, customer account number, description, payment amount, and the name and telephone number of the disbursing state agency) for your payments is provided to your company.

CCD+ routes the remittance detail to the REDI Virginia website (**R**emittance **E**lectronic **D**ata **I**nterchange) on the Internet (http://REDIVirginia.doa.virginia.gov) while your funds are routed to your financial institution. There is no charge by the Commonwealth of Virginia for providing remittance detail on the REDI Virginia website. You can elect to receive an email notification one day prior to the EDI deposit date from REDI Virginia. The REDI Virginia Procedure Guide is available on the Department of Accounts website.

CTX routes the remittance detail to your financial institution along with the funds. Your financial institution should translate and relay the electronic remittance detail to your company. Contact your financial institution before signing up to find out what you will receive from them and if there are any charges. There is no charge by the Commonwealth of Virginia associated with the CTX payment format. If you choose the CTX payment format, you can use the REDI Virginia website for EDI remittance data.

Please send the completd forms via one method listed below:

Scan and email the forms to edi@doa.virginia.gov

Fax forms to 804-414-9896

Mail completed forms to: Department of Accounts
eCommerce Unit
P. O. Box 1971
Richmond, VA 23218-1971