

June 27, 2022

Finance Committee Meeting



Agenda

Investment Policy Amendment	Steve Pittard (VPRA) Shannon Perry (VPRA) Frank Marckioni (Allspring Global Investments)
Executive Directors Reporting Discussion	Shannon Perry (VPRA)
Other Updates	Steve Pittard (VPRA)



Investment Policy Amendment

Investment Policy Amendment



Environmental, Social, and Corporate Governance (ESG)

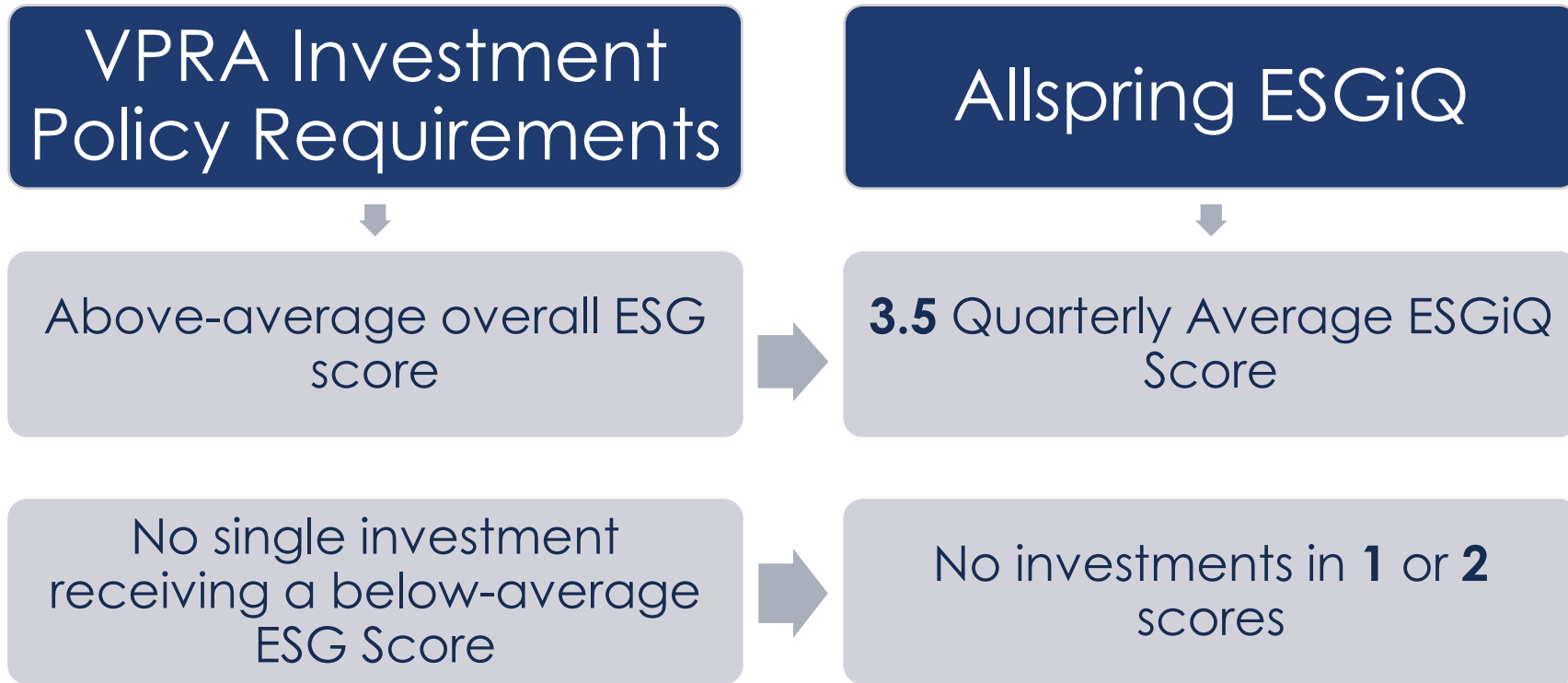
PROPOSED ADDITION:

Consistent with achieving the investment objectives set forth herein, the Authority's investment policy will be executed within a framework predicated on incorporating environmental, social, and governance factors (ESG). The Authority must maintain an above-average overall ESG score measured within the Investment Manager's Institutional Risk-Assessment Framework, with no single investment receiving a below-average ESG score. The ESG measure will apply to Corporate Notes and Commercial Paper.

Allspring ESGiQ Framework

- Proprietary process to identify and mitigate ESG related risks inherent in issuers of fixed income securities
- Incorporated and executed into the broader framework of credit research and risk management as an analytic tool to enhance the return potential for our clients
- Quantitative and qualitative assessments are combined to arrive at an ESGiQ score
 - Quantitative assessment distills insights from major third-party vendors of ESG ratings and analysis
 - Qualitative assessment derived from fundamental analysis of our credit research team
- ESGiQ score ranging from 1-5, 5 being the best, with a + or – qualifier to indicate the outlook for the score
- ESGiQ score reflects both a multi-faceted and sector-specific assessment of ESG exposure and risk

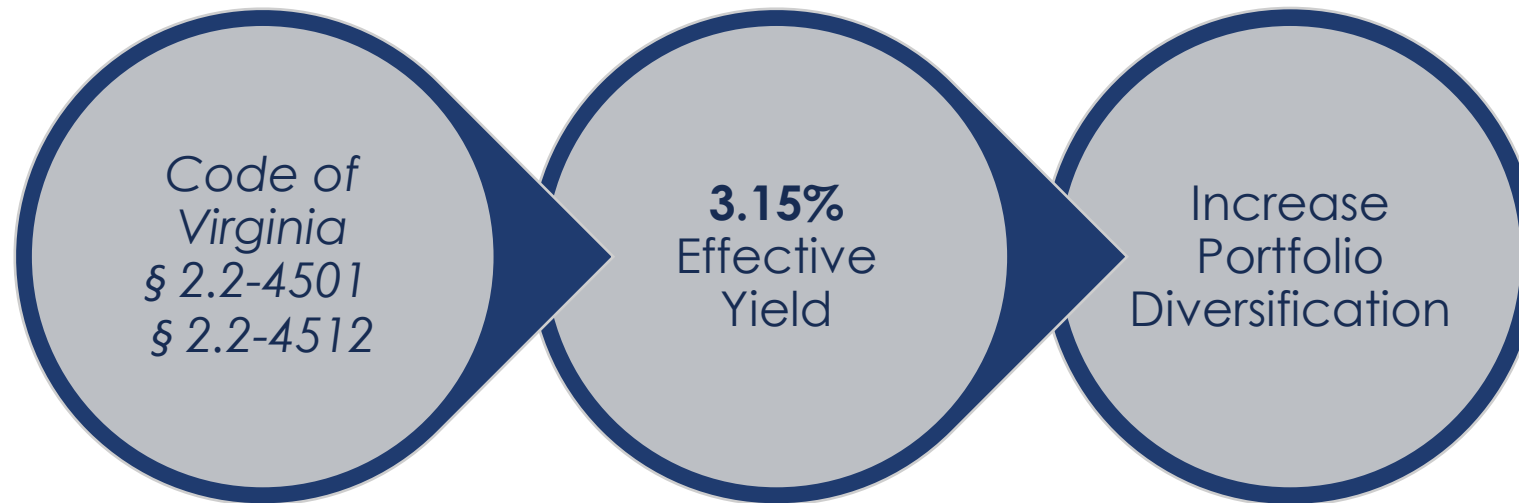
VPRA – Allspring ESG Framework Application



U.S. Denominated Supranational Agency Bonds

PROPOSED INVESTMENT:

Bonds and other obligations with a final maturity from the time of purchase of five (5) years or less issued, guaranteed or assumed by the International Bank for Reconstruction and Development, by the Asian Development Bank or by the African Development Bank, and Export Development Canada Bonds. Bonds shall have received at least two of the following ratings: AAA by S&P, Aaa by Moody's, or AAA by Fitch.

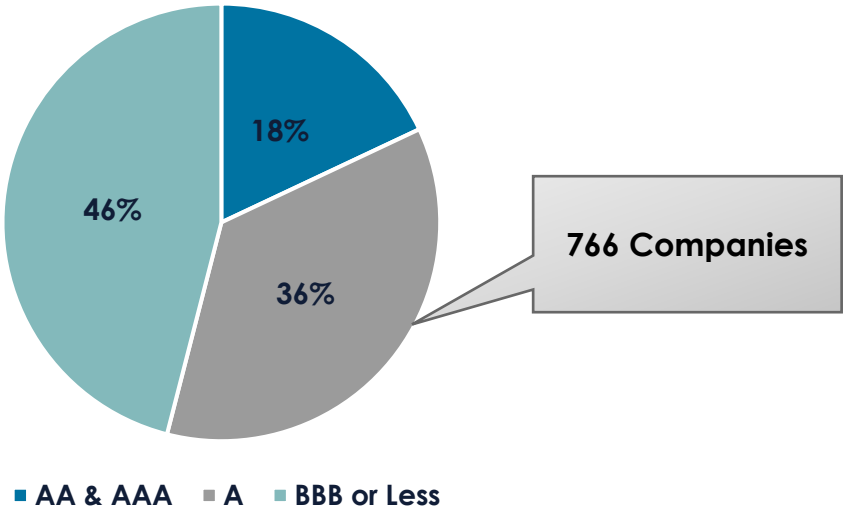


Corporate Notes Rating

PROPOSED CHANGE:

High quality corporate notes with a final maturity from the time of purchase of five (5) years or less and shall have received at least two of the following ratings: A by S&P, A2 by Moody's, or A by Fitch.

Market Share by Rating



Rating	Default Rate	Effective Yield
AA	1.45%	3.18%
A	2.71%	3.38%

Code of Virginia § 2.2-4510

Investment Plan

- \$30M Investment
- 10% of EM Portfolio

LGIP EM



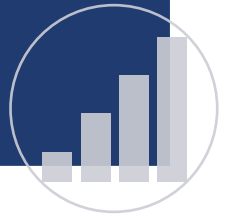
- 90-day cashflow projection
- One-time payments

LGIP

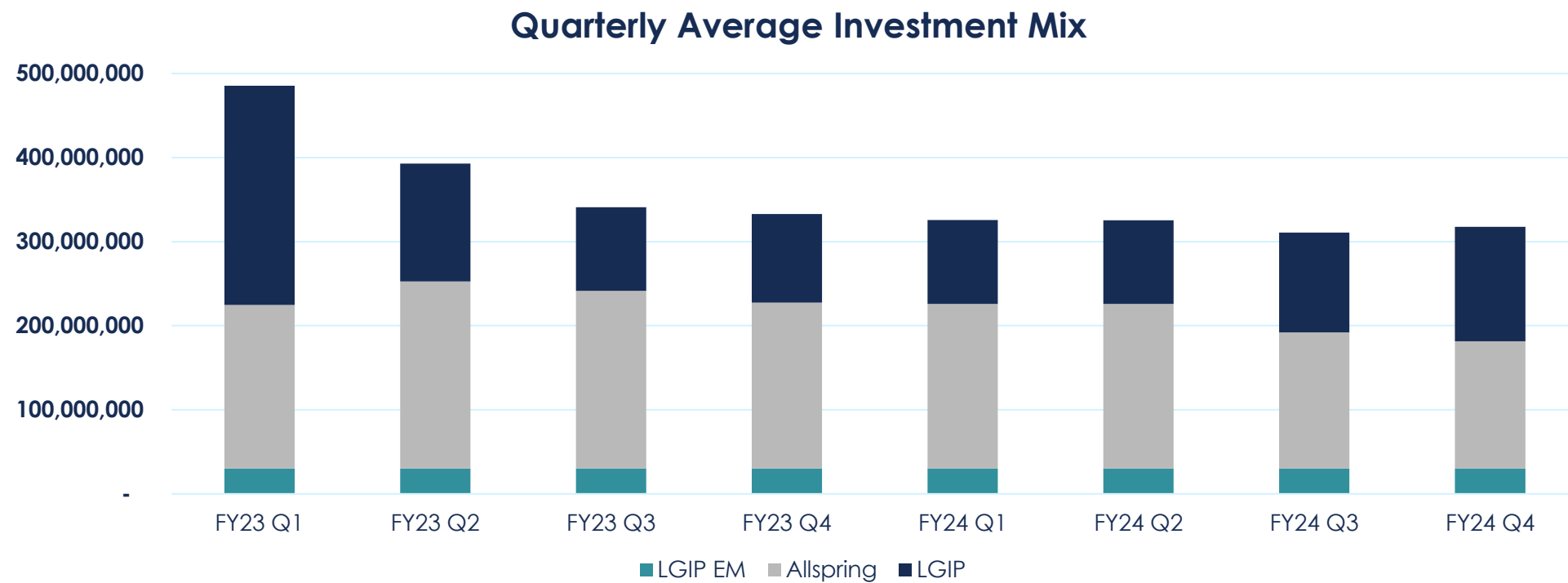


- Available cash
- Average maturity to align with cash need

Allspring



Investment Plan





Executive Directors Reporting Discussion

VPRA Financial Report Summary – April FY22

Budget Component (in millions)	FY22 Amended Budget	FY22 Pro Rata Budget	FY22 YTD Actual	Variance	
				\$	%
Operations	\$72.3	\$55.9	\$45.9	\$10.0	18%
Capital Projects	313.6	259.2	210.8	48.4	19%
Capital & Operating Grants	74.5	49.4	1.4	48.0	97%
Total	\$460.4	\$364.5	\$258.1	\$106.4	29%

Operations Budget – FY2022

- Overall operations has a \$6.5M positive variance year-to-date primarily attributable to:
 - \$8.3M positive variance in train operating expense, which was offset in part by \$3.5M lower than projected train operating revenues.
 - Both the lower operating expenses and lower operating revenues are primarily attributable to route 47 & 50.
- The positive operations variance is offset by increased use of federal credits which exceeds the pro rata budget by \$4.3M.

**Train operations are reported on a one-month lag, pro rata budget and YTD actuals included are from July to March. Other Operating Expenses budget and YTD actuals included are through April.*

Operations Category (in millions)	FY22 Amended Budget	FY22 Pro Rata Budget	FY22 YTD Actual	Variance (\$)
Train Operating Revenues				
Train Revenue	\$28.5	\$21.4	\$19.5	\$1.9
Food Service Revenue	0.9	0.8	0.7	0.1
Other Revenue	0.5	0.5	0.8	(0.3)
NEC Through Revenue	24.3	18.2	16.4	1.8
Total Train Operating Revenues	\$54.2	\$40.9	\$37.4	\$3.5
Train Operations Expenses				
Route Costs and Additives	36.9	27.8	21.5	6.3
Fuel Costs	2.5	2.0	1.9	0.1
Host Railroad Costs	1.9	1.5	1.4	0.1
Host RR Performance Incentives	1.9	1.5	1.3	0.2
NEC Through Credit Expense	15.1	11.4	9.8	1.6
Total Train Operations Expense	\$58.3	\$44.2	\$35.9	\$8.3
Other Operating Expenses				
Capital Equipment Maintenance	5.6	4.7	5.4	(0.7)
Amtrak Marketing	0.9	0.8	0.8	-
I-95 Corridor Maintenance of Way (VRE Access Rate)	-	-	-	-
Insurance	0.5	0.4	0.1	0.3
Depreciation	0.4	0.3	0.2	0.1
Administrative Budget	6.6	5.5	3.5	2.0
Total Operating Expenses	\$72.3	\$55.9	\$45.9	\$10.0
Additional Funding Required	\$18.1	\$15.0	\$8.5	\$6.5
<i>Federal Credits Applied to Train Operation Expense</i>	10.3	7.7	12.0	(4.3)
Additional Funding Required - w/o Federal Credits	\$28.4	\$22.7	\$20.5	\$2.2
Overall Cost Recovery	75%	73%	81%	
Overall Cost Recovery - Without Federal Credits	66%	64%	65%	

Train Operations by Route – FY2022

	Route 46 Roanoke - 1 Train -			Route 47 Newport News - 2 Trains -			Route 50 Norfolk - 2 Trains -			Route 51 Richmond - 1 Train -			Total Train Operations		
Train Operations Category (in millions)	FY22 Pro Rata Budget	FY22 YTD Actual	Vaiance (\$)	FY22 Pro Rata Budget	FY22 YTD Actual	Vaiance (\$)	FY22 Pro Rata Budget	FY22 YTD Actual	Vaiance (\$)	FY22 Pro Rata Budget	FY22 YTD Actual	Vaiance (\$)	FY22 Pro Rata Budget	YTD Actual Total	Vaiance (\$)
Revenues															
Train Revenue	\$5.0	\$5.1	\$0.1	\$8.2	\$7.2	(\$1.0)	\$6.9	\$6.3	(\$0.6)	\$1.3	\$0.9	(\$0.4)	\$21.4	\$19.5	(\$1.9)
Food Service Revenue	0.2	0.2	-	0.3	0.3	-	0.2	0.2	-	0.1	-	(0.1)	0.8	0.7	(0.1)
Other Revenue	0.1	0.2	0.1	0.2	0.3	0.1	0.2	0.2	-	-	0.1	0.1	0.5	0.8	0.3
NEC Through Revenue	4.5	4.2	(0.3)	6.0	5.0	(1.0)	6.0	5.4	(0.6)	1.7	1.8	0.1	18.2	16.4	(1.8)
Total Revenue	\$9.8	\$9.7	(\$0.1)	\$14.7	\$12.8	(\$1.9)	\$13.3	\$12.1	(\$1.2)	\$3.1	\$2.8	(\$0.3)	\$40.9	\$37.4	(\$3.5)
Expenses															
Route Costs and Additives	5.9	5.7	(0.2)	9.5	8.3	(1.2)	10.4	6.9	(3.5)	2.0	0.6	(1.4)	27.8	21.5	(6.3)
Fuel Costs	0.5	0.6	0.1	0.7	0.6	(0.1)	0.6	0.5	(0.1)	0.2	0.2	-	2.0	1.9	(0.1)
Host Railroad Costs	0.4	0.7	0.3	0.3	0.2	(0.1)	0.7	0.4	(0.3)	0.1	0.1	-	1.5	1.4	(0.1)
Host RR Performance Incentives	0.1	0.2	0.1	0.5	0.4	(0.1)	0.8	0.6	(0.2)	0.1	0.1	-	1.5	1.3	(0.2)
NEC Through Credit Expense	2.9	2.3	(0.6)	3.9	2.6	(1.3)	3.8	3.9	0.1	0.8	1.0	0.2	11.4	9.8	(1.6)
Total Train Operations Expense	\$9.8	\$9.5	(\$0.3)	\$14.9	\$12.1	(\$2.8)	\$16.3	\$12.3	(\$4.0)	\$3.2	\$2.0	(\$1.2)	\$44.2	\$35.9	(\$8.3)
Capital Equipment Maintenance	0.8	1.7	0.9	1.3	0.9	(0.4)	2.0	2.5	0.5	0.6	0.3	(0.3)	4.7	5.4	0.7
Other Operating Expense	0.3	0.1	(0.2)	0.4	0.4	0.0	0.5	0.4	(0.1)	0.3	0.2	(0.1)	1.5	1.1	(0.4)
Net Operating Income/(Loss)	(\$1.1)	(\$1.6)	(\$0.5)	(\$1.9)	(\$0.6)	\$1.3	(\$5.5)	(\$3.1)	\$2.4	(\$1.0)	\$0.3	\$1.3	(\$9.5)	(\$5.0)	\$4.5
Total Federal Credits Applied	(\$1.4)	(\$1.7)	(\$0.3)	(\$2.6)	(\$4.3)	(\$1.7)	(\$2.5)	(\$3.4)	(\$0.9)	(\$1.3)	(\$2.6)	(\$1.3)	(\$7.7)	(\$12.0)	(\$4.3)

- Train operations are reported on a one-month lag; pro rata budget and YTD actuals included are from July to March.

Administrative Budget – FY2022

Expense Category	FY22 Amended Budget	FY22 Pro Rata Budget	FY22 YTD Actual	Variance (\$)
Payroll & Benefits	\$3,998,000	\$3,331,667	\$2,350,260	\$981,407
Professional Services	1,190,000	\$991,667	731,307	260,360
Information Technology	1,067,000	\$889,167	242,882	646,285
Building & Office Related	181,000	\$150,833	47,907	102,926
Other Employee Costs	200,000	\$166,667	156,473	10,194
Total	\$6,636,000	\$5,530,001	\$3,528,829	\$2,001,172

- Building & Office Related expenses will increase significantly during Q4 related to the new building lease and move-in costs.
- Payroll costs continue to increase as the Authority has experienced steady employment growth.
- Information Technology costs will trend up during Q4 as the ERP identification process continues and IT infrastructure is established at the new VPRA office.
- Administrative budget line redistribution is expected to increase the Professional Service and Building and Office Related budget categories once year-end accrual projections are known.

Capital Project Expenditures – FY2022

- FY22 YTD Budget based on quarterly expenditure estimates.
- YTD actuals reported as modified accruals
 - Includes accruals for unbilled services greater than 60 days and exceeding \$100K.
- See operational report on capital projects for variance explanation.

Project Description (in millions)	FY22 Amended Budget	FY22 YTD Budget	FY22 YTD Actual	Variance (\$)
I-95 Corridor				
New Long Bridge for Passenger Rail	\$24.3	\$20.3	\$5.0	\$15.3
Alexandria 4th Track	10.4	7.7	1.5	6.2
Franconia to Lorton 3rd Mainline	6.1	4.4	0.2	4.2
Franconia-Springfield Bypass	4.0	2.9	0.2	2.7
Richmond to DC Sidings - Phase 1	0.9	0.5	0.1	0.4
Richmond to DC Sidings - Phase 2	0.3	0.3	0.1	0.2
TRV Right of Way Acquisition	200.0	200.0	200.0	-
TRV Right of Way Transaction Costs	12.0	10.0	2.3	7.7
Newington Bridge	0.1	0.1	-	0.1
Route 1 Bridge	0.1	0.1	-	0.1
L'Enfant 4th Track	0.7	0.6	-	0.6
Richmond Layover Facility	0.1	0.1	0.2	(0.1)
Lorton to Route 1	0.6	0.5	-	0.5
Other TRV Infrastructure	0.5	0.4	0.1	0.3
Western Rail Corridor				
Salem Right of Way Acquisition	38.0	-	-	-
New River Valley Platform & Track Improvements	1.0	0.8	0.2	0.6
Salem Right of Way Transaction Costs	12.6	10.5	0.9	9.6
Other				
Purchase of St. Julian's Yard: Amtrak Service Facility	1.9	-	-	-
Total Capital Projects	\$313.6	\$259.2	\$210.8	\$48.4

Capital & Operating Grant Expenditures – FY2022

- YTD expenditures will remain negative until FY21 accrued expenditures are received.
- See operational report on capital grants for variance explanation.

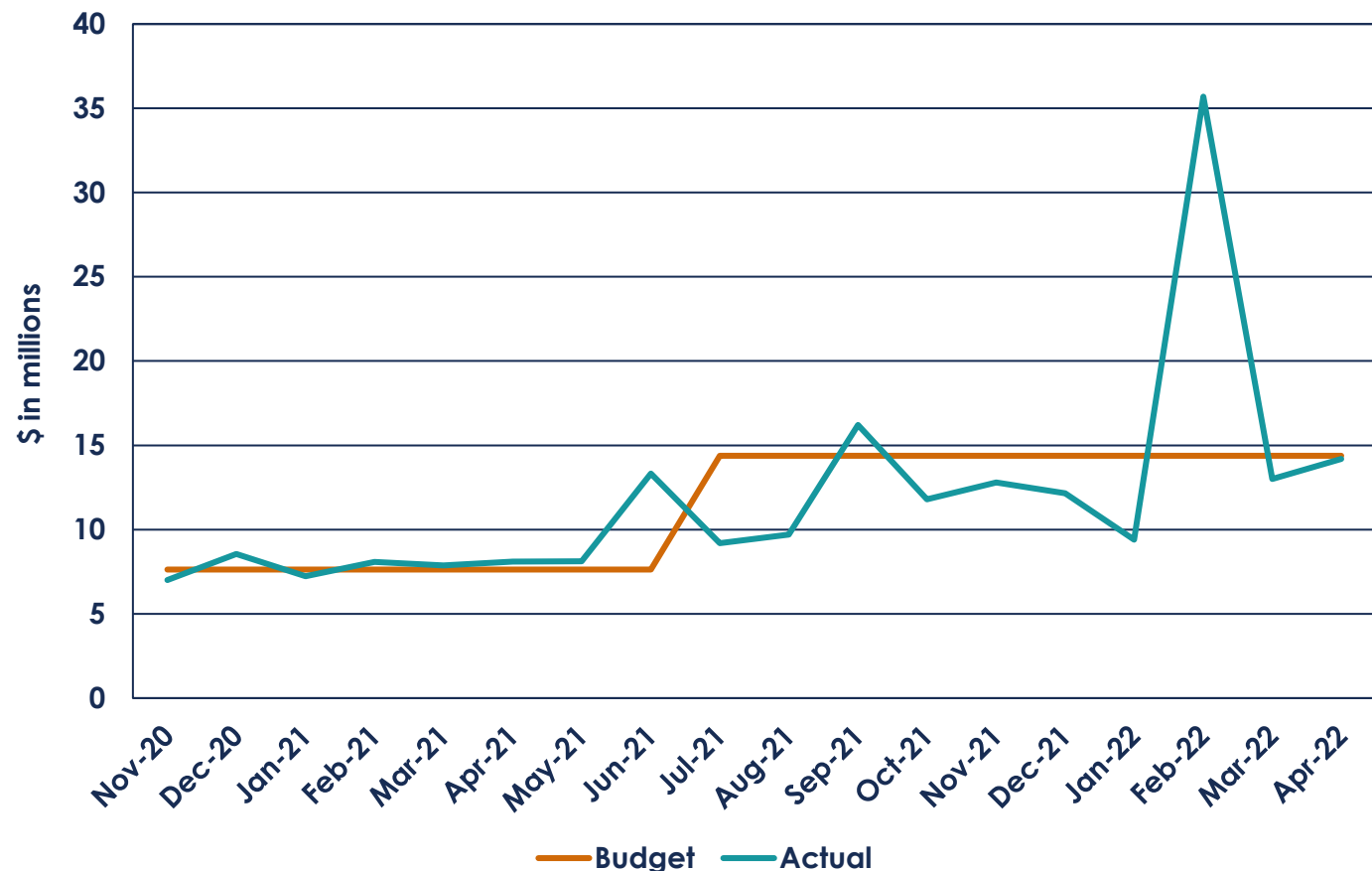
Project Description (in millions)	Grantee	FY22 Amended Budget	FY22 Pro Rata Budget	FY22 YTD Actual	Variance (\$)
L'Enfant Platform	VRE	\$0.4	\$0.3	-	\$0.3
Broad Run Station & 3rd Track Improvements	VRE	26.7	22.3	(0.2)	22.5
Manassas Park Parking Garage and Bridge	VRE	2.1	1.8	(0.1)	1.9
Manassas Station and Platform	VRE	-	-	(0.1)	0.1
Quantico Station Improvements	VRE	8.9	7.4	(0.1)	7.5
Rolling Road Platform Extensions	VRE	0.9	0.8	(0.1)	0.9
Crossroads Storage Expansion	VRE	0.3	0.2	-	0.2
Newport News Station, Platform, and Service Facility	Newport News	5.2	4.3	2.1	2.2
Arkendale to Powell's Creek Third Track Construction & Island Platforms	CSX	4.0	3.3	-	3.3
Amtrak Passenger Information Display System: Ashland & Richmond Main St.	Amtrak/DRPT	\$0.4	0.3	-	0.3
Station Program & Planning	Amtrak	2.8	2.3	-	2.3
Western Rail Initiative Grant*	Norfolk Southern	13.1	-	-	-
Roanoke Yard Improvements*	Norfolk Southern	5.0	2.5	0.1	2.4
S-Line Planning & Development	Various	0.5	0.4	-	0.4
DRPT Managed	Various	4.2	3.5	(0.2)	3.7
Total		\$74.5	\$49.4	\$1.4	\$48.0

* FY22 expenditures expected in May or June of 2022.

VPRA Monthly Revenues

Rolling 18-Month Trend Analysis

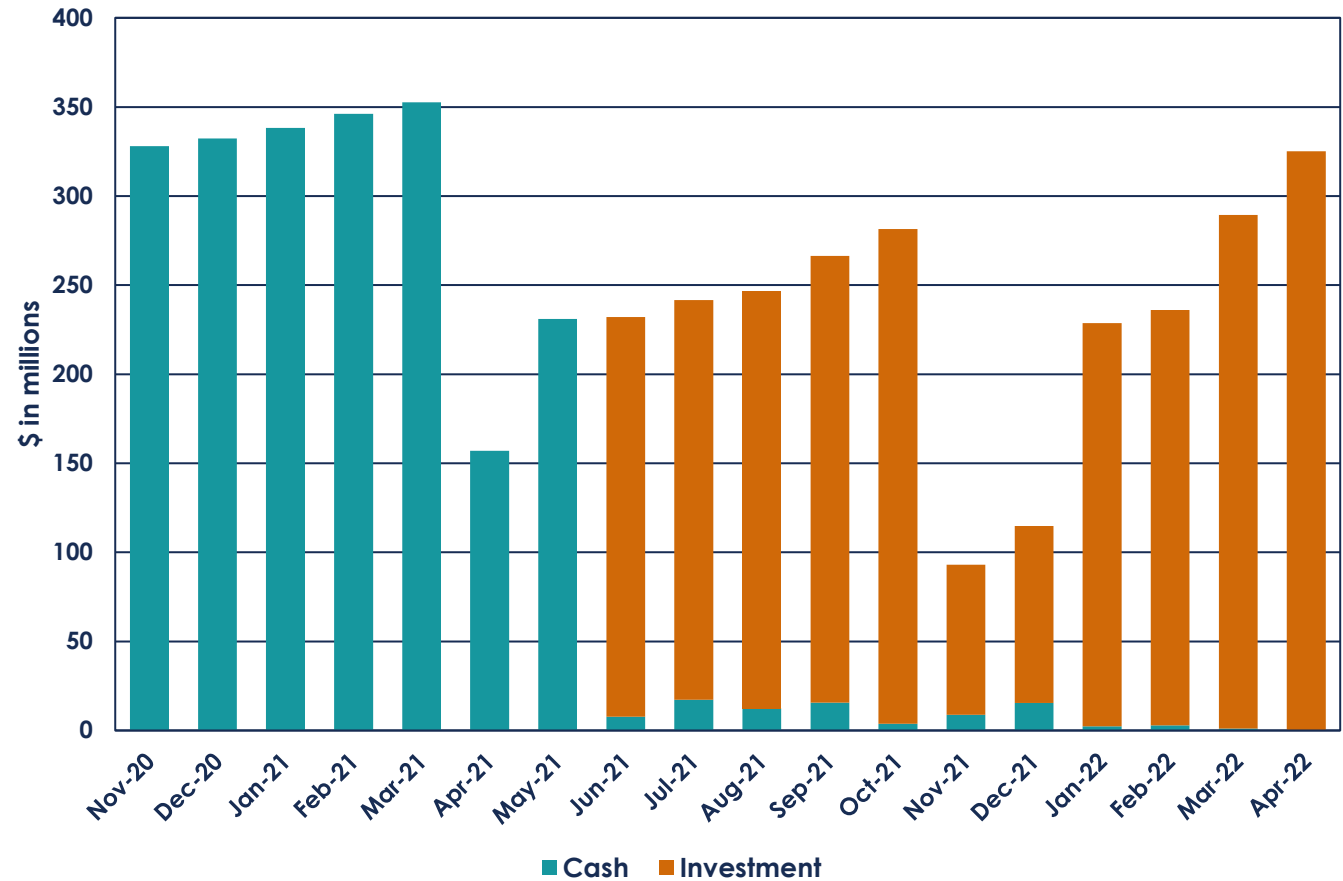
- Updated revenue forecast provided in December, increasing expected FY22 revenue to \$172.6M.
- In February, VDOT processed a catch-up payment which made up the year-to-date shortfall.
- CRF Revenue receipts are on-track to meet the forecast provided in December.



VPRA Cash & Investment Balance

Rolling 18-Month Trend Analysis

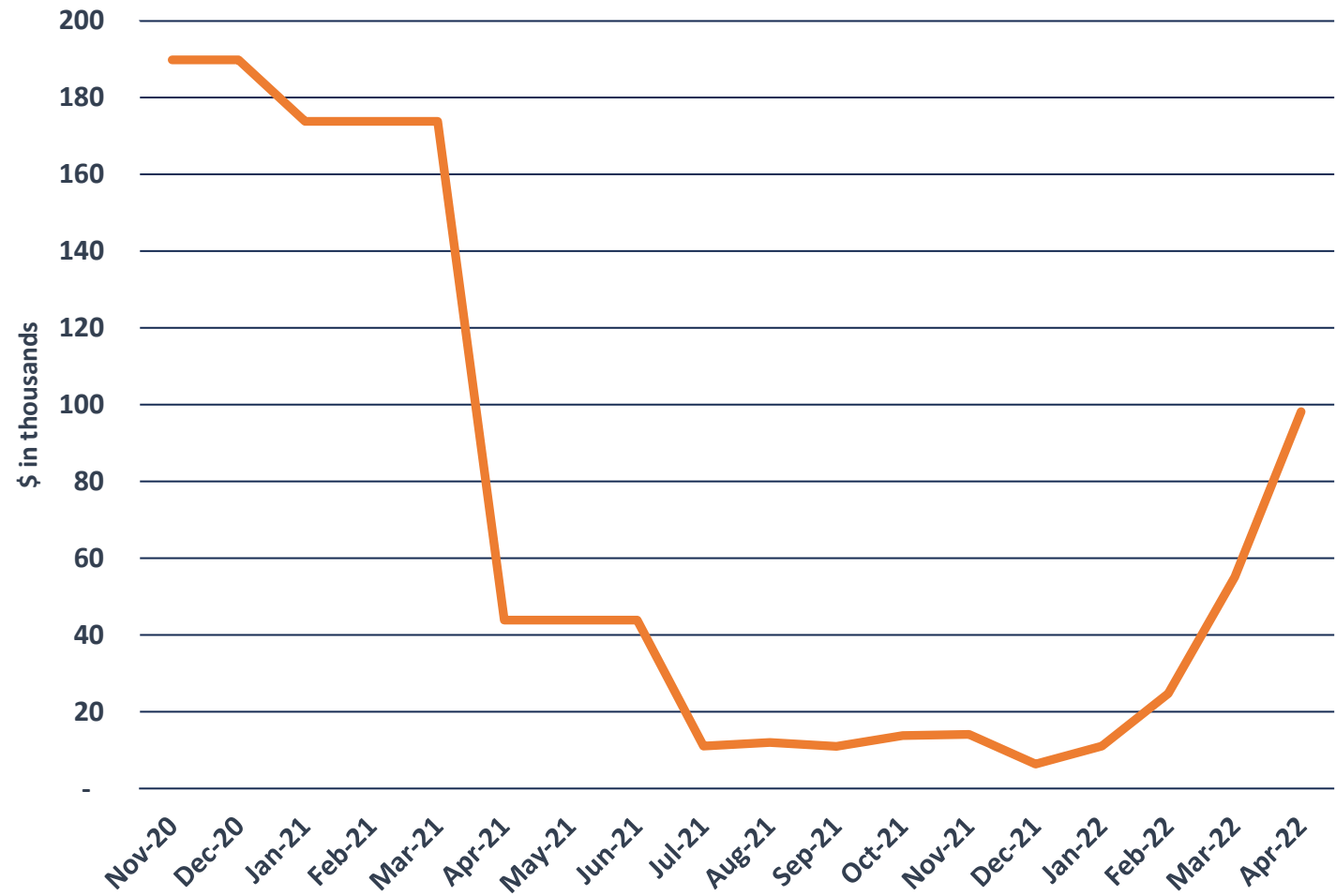
- \$300.2M is invested in LGIP & \$25.0M is invested in LGIP Extended Maturity as of April 30, 2022.
- In March and November of 2021, the cash balance decrease was due to the \$200 million payments to CSX for ROW.
- 2022 increase results from the collection of:
 - \$111M of Priority Transportation Funds
 - \$23M of I-95 Concession funds from VDOT that were allocated in FY21
 - \$144M of CRF revenues
 - \$37.5M of Amtrak contributions



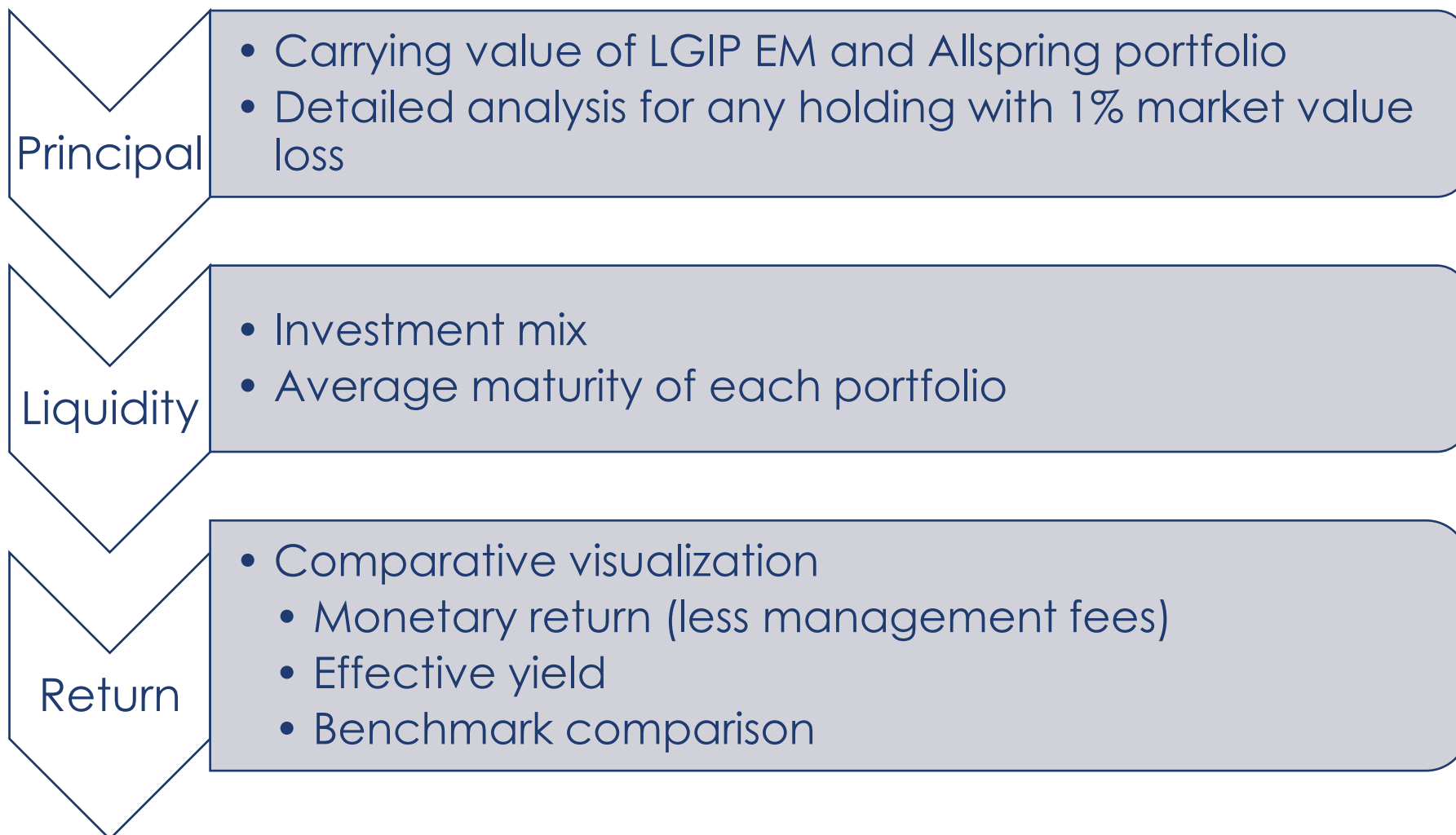
VPRA Cash & Investment Earnings

Rolling 18-Month Trend Analysis

- The significant decline in interest earnings in the last half of 2021 is attributed to:
 - A decrease in rates from 0.5% in January 2021 to 0.07% in Summer 2021
 - Cash payment in March 2021 decreased balance 55% to pay for the ROW acquisition
- Recent rate hikes are positively impacting LGIP investments:
 - LGIP effective yield has increased 450% since December to **0.387% in April**
 - LGIP EM effective yield has increased 34 basis points from December to **0.539% at the end of April**



Planned Investment Reporting



Allspring ESG score to be measured quarterly.

Investment Exception Reporting





Other Financial Updates



THANK YOU

Questions?