

January 12, 2024

# Finance Committee Meeting

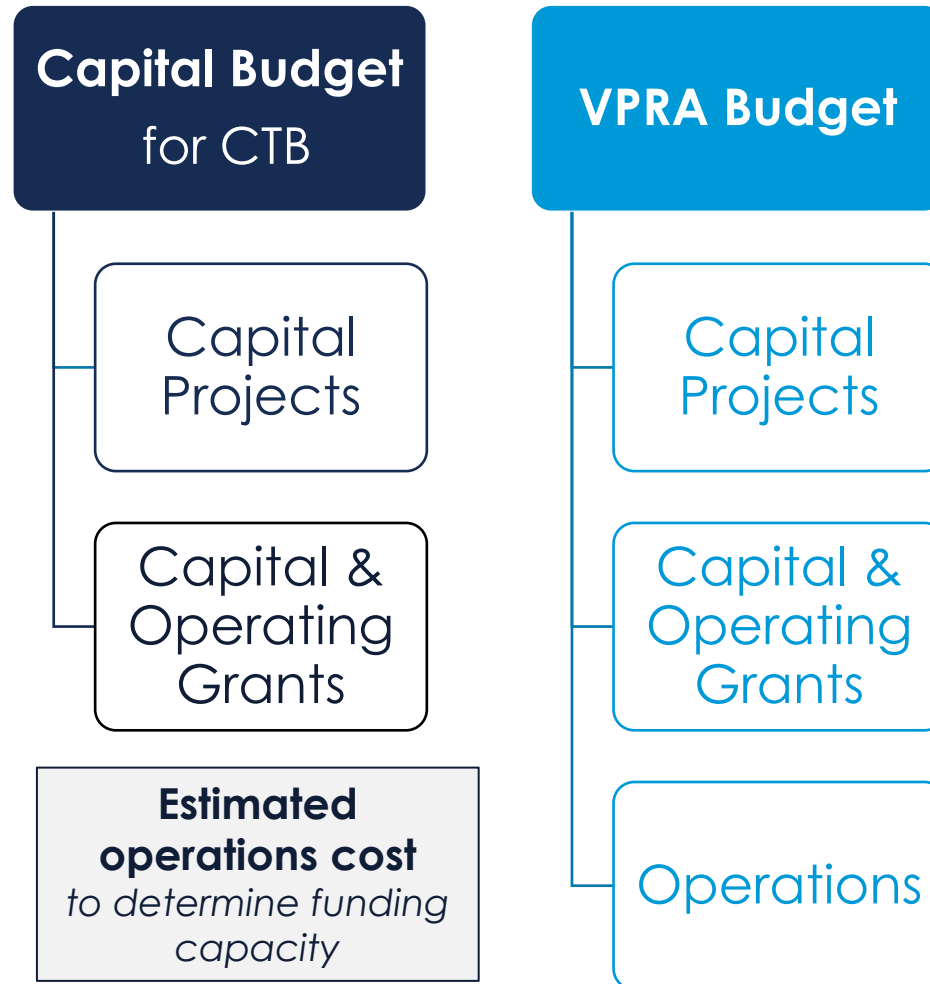


# Agenda

<b>Capital Budget</b>	<b>Shannon Perry</b> , Director of FP&A <b>Steve Pittard</b> , CFO
<b>Investment Approach</b>	<b>Eileen Stanic</b> , Meeder Investments
<b>Investment Policy</b>	<b>Selma Nuhanovic</b> , FP&A Senior Manager

# FY25 Capital Budget

# Changes to Budget Process



# FY25 Financial Plan

## Inception through FY31

### Sources

### Uses

May  
FY2024  
Financial  
Plan  
**FY21-FY30**

\$6.41 B

\$7.12 B

Funding Available for  
VPRA Projects  
\$6.41 B

Unfunded VPRA  
Projects  
\$705 M

↑ \$1.31 B

↑ \$601 M

January  
FY2025  
Financial  
Plan  
**FY21-FY31**

\$7.72 B

=

\$7.72 B

# Sources

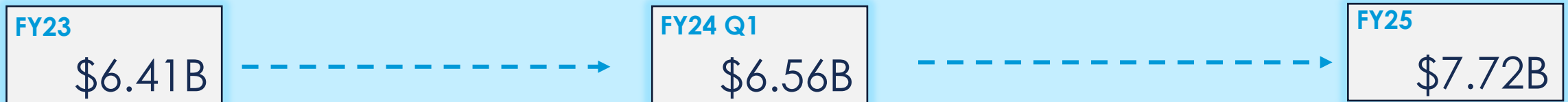
## Primary Drivers Causing Increase through FY31



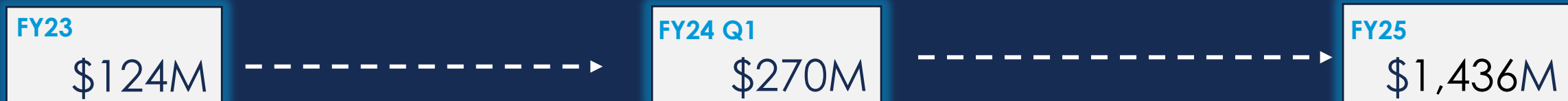
FY24 Q1	I-66 ITB PAYGO	13
	FY23 Excess CRF Revenues	3
	FY23 Interest & Realized Gains	5
	CRISI Grant Award (Bypass)	100
	Operating Surplus	25
	<b>Total Increase</b>	<b>146</b>

FY25	Fed-State Partnership Grant	729
	Operations Revenues (FY25-FY30)	74
	CRF Revenues (FY25-FY30)	6
	Interest & Realized Gains (FY25-FY30)	20
	Other	2
	<b>Total Increase</b>	<b>1,166</b>

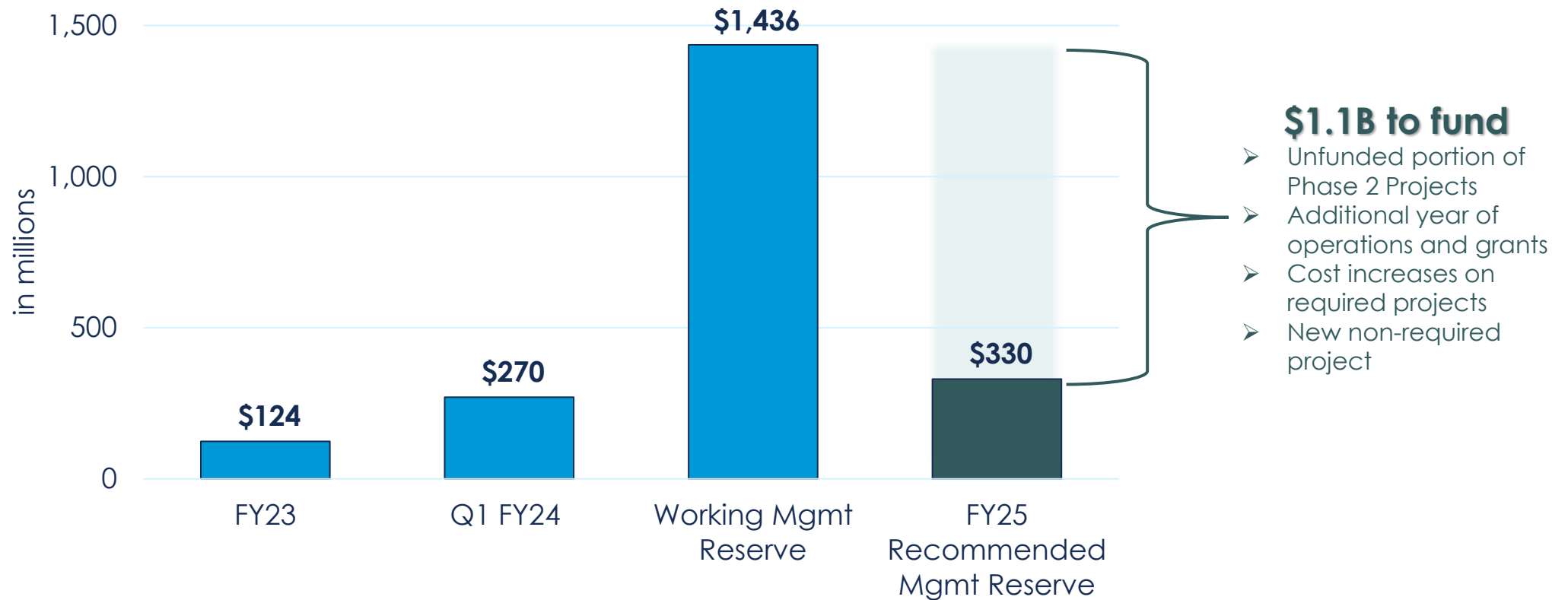
Sources



Mgmt Reserve



# Recommended Management Reserve



# Uses Summary

## Primary Drivers Causing Increase through FY31



Budget Component	Total Increase/ (Decrease)	Unfunded Balance Reduction	Add FY31 to Plan	Net Base Budget Changes	New Budget Items	Increase Overview
I-95 Corridor	\$907	\$699	-	\$98	\$110	- Updated cost estimates as design advances - Adding new non-required project & additional contribution for required project
Western Rail Corridor	\$-	-	-	-	-	
Other Capital Projects	\$-	\$6	-	(\$6)	-	- Remove S-Line 60% grant match
Capital & Operating Grants	\$38	-	\$18	\$20	-	- Continued obligations for VRE track lease - Additional year in planning window
Operations (preliminary)	\$161	-	\$286	(\$125)	-	- Amtrak train operations expenses, administrative cost adjustment - Additional year in planning window
<b>Total Change in Uses</b>	<b>\$1,106</b>	<b>\$705</b>	<b>\$304</b>	<b>\$(13)</b>	<b>\$110</b>	



# Uses: I-95 Corridor



	Estimate Level	FY25 Budget	FY24 Budget	Change
<b>I-95 Corridor</b>				
<b>Phase 1 Required Projects</b>				
Alexandria Fourth Track	4	210	210	-
Franconia to Lorton Third Track	4	275	275	-
Franconia-Springfield Bypass	3	405	405	-
Railroad Bridges over Newington Road	4	61	61	-
Potomac Creek Third Track South (Siding A)	3	181	143	38
Woodford to Milford Third Track (Siding B)	3	70	85	(15)
Hanover Third Track (Siding C)	2	101	84	17
<b>Phase 2 Required Projects</b>				
Long Bridge Project	3	2,279	1,818	461
Neabsco Creek to Woodbridge Third Track (Siding D)	2	116	9	107
Aquia Creek Third Track (Siding E)	2	97	5	92
Crossroads Third Track (Siding F)	2	112	10	102
L'Enfant Fourth Track Contribution	2	53	23	30
<b>Non-Required New Projects</b>				
King and Commonwealth	4	84	4	80
Richmond Layover Facility	2	3	3	-
<b>Other</b>				
Transaction Costs	7	32	32	-
Other Completed Projects	7	8	13	(5)
<b>Total I-95 Corridor</b>		<b>\$4,087</b>	<b>\$3,180</b>	<b>\$907</b>

Unfunded Balance Reduction	Base Budget Changes	New Budget Items
	38	
	(15)	
	17	
461		
91	16	
54	38	
93	9	
-	-	30
-	-	80
-	-	-
-	(5)	-
<b>\$699</b>	<b>\$98</b>	<b>\$110</b>

## Unfunded Balance

Fund the unfunded portion of Phase 2 Projects

## Budget Changes

Cost estimate refinement as design progresses

## New Items

Fund additional contribution & a new non-required project

# Uses: Western Rail Corridor



Western Rail Corridor	Estimate Level	FY25 Budget	FY24 Budget	Change	Base Budget Change
New River Valley Passenger Rail Project*	3	166	166	-	-
Capital Improvements - Bridges	1	31	31	-	-
Capital Improvements - Other	1	36	36	-	-
<b>Total Western Rail Corridor</b>		<b>\$233</b>	<b>\$233</b>	<b>\$-</b>	<b>\$-</b>

*\*As NRV scope is being assessed, project elements will be combined in FY25 capital budget. Discrete project elements will be disaggregated upon conclusion of the alternatives analysis.*

# Uses: Other Capital Projects



Other Capital Projects	Estimate Level	FY25 Budget	FY24 Budget	Change
Ettrick Station Improvements - SOGR	4	12	12	-
Platform Improvements - SOGR/ADA	1	21	21	-
S-Line 30% Design	7	39	39	-
S-Line 60% Design Grant Match	7	-	-	-
Arkendale to Powell's Creek Third Track Construction	6	101	101	-
<b>Total Other Capital Projects</b>		<b>\$173</b>	<b>\$173</b>	<b>-</b>

Unfunded Position Reduction	Base Budget Changes
-	-
-	-
-	-
6	(6)
-	-
<b>\$6</b>	<b>(\$6)</b>

**Unfunded Balance**  
Unfunded portion will no longer be reflected

**Budget Changes**  
Application submitted without VPRA match



# Uses: Capital & Operating Grants



	FY25 Budget	FY24 Budget	Change
<b>Capital &amp; Operating Grants</b>			
VRE Passthrough Grants	188	186	2
VRE Track Lease Payment-Amtrak	87	61	26
VRE Track Lease Payment-Norfolk Southern	37	25	12
Other Deobligations	17	19	(2)
Unchanged VPRA Grants	214	214	-
<b>Total Capital &amp; Operating Grants</b>	<b>\$543</b>	<b>\$505</b>	<b>\$38</b>

Add FY31 to Plan	Base Budget Changes
-	2
13	13
5	7
-	(2)
-	-
<b>\$18</b>	<b>\$20</b>

**Budget Changes**  
Adjust for additional pass-through funding & increase track lease cost to align to VRE forecasts

# Uses: Preliminary Operations Plan through FY31



Preliminary Operations	FY25 Plan	FY24 Plan	Change	Add FY31 to Plan	Base Budget Changes
Amtrak Operations	938	843	95	135	(40)
Amtrak Charge per Passenger mile on NEC	392	276	116	62	54
VRE Access Payments	105	88	17	12	5
VPRA Owned Assets Maintenance	30	24	6	28	(22)
Administrative Costs	111	192	(81)	13	(94)
Other Operations	201	193	8	36	(28)
<b>Total Operations</b>	<b>\$1,777</b>	<b>\$1,616</b>	<b>\$161</b>	<b>\$286</b>	<b>(\$125)</b>

## Budget Changes

Refinement of Amtrak operations cost and expense maintenance

Reflect implementation of cost allocation plan



# Investment Approach



# Investment Policy

# Investment Policy Amendments





# Environmental, Social, and Corporate Governance (ESG)

(pg. 1)

## Current Policy

- Above-average overall ESG score
- No single investment receiving a below-average ESG score
- Corporate Notes and Commercial Paper

## Considerations

- To date, ESG requirements did not impact investment strategy
- Meeder does not have ESG framework to apply rating requirements

## Recommendation

Remove ESG requirement from investment policy

# Correct Authorized Investments

## *U.S. Denominated Supranational Agency Bonds (pg. 6)*

### Considerations

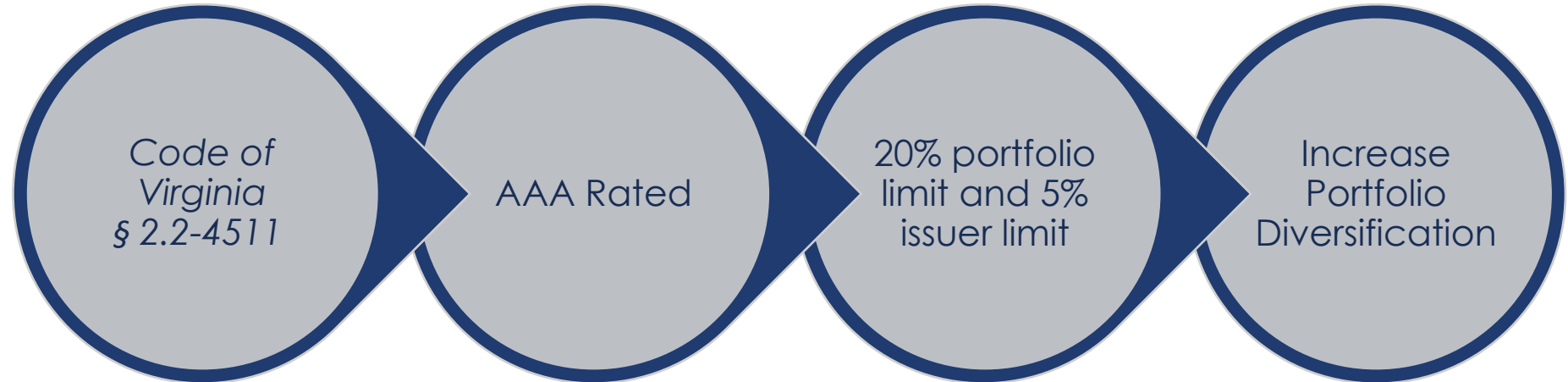
- Investment is limited to VA Treasury per Code of Virginia § 2.2-4501
- To date, there have been no investments in Export Development Canada Bonds, thus no issues of non-compliance with the Investment of Public Funds Act

### Recommendation

Remove Export Development Canada Bonds

# Portfolio Diversification

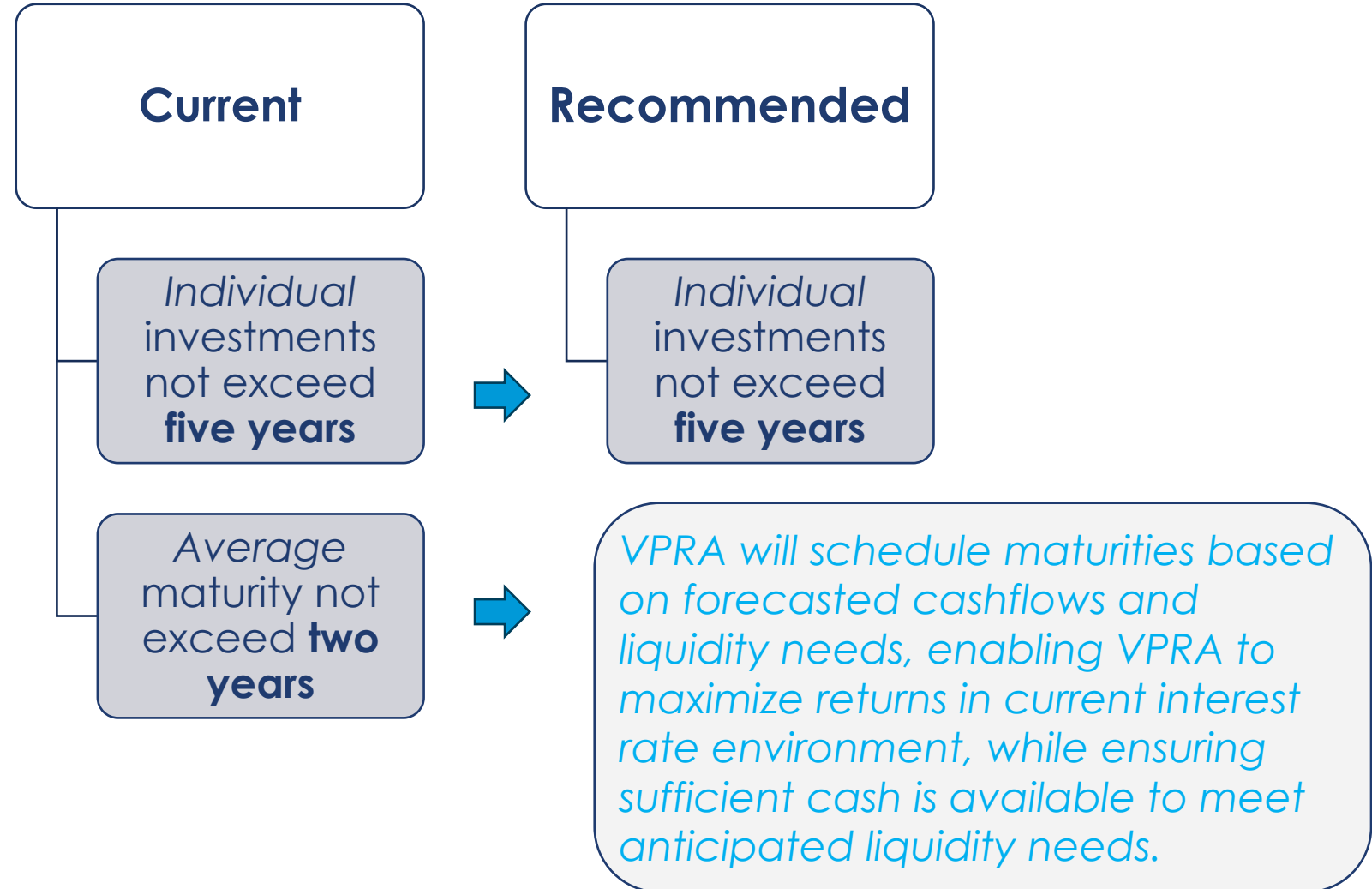
**#1**  
Add  
Asset-Backed  
Securities  
(pg. 6-7,10)



**#2**  
Increase  
Issuer Limit for  
Corporate  
Notes (pg. 7)

Permitted Investment	Portfolio Limit	Issuer Limit
U.S. Treasury Obligations	100%	100%
Federal Agency/GSE Obligations	100%	35%
Municipal Obligations	20%	5%
Commercial Paper	35%	5%
Bankers' Acceptances	15%	5%
Corporate Notes	25%	<del>3%</del> -- → 5%
Negotiable Certificates of Deposit and Bank	25%	5%

# Portfolio Maturities (pg.7)



# Competitive Selection of Investment Instruments (pg.7)

When executing a trade...

Investment  
Manager



Rely upon their duty to provide best execution in accordance with Code of Federal Regulations Title 17 part 276

VPRA



Formal and competitive process requiring the solicitation and evaluation of *at least three* bids/offers

# Summary of Recommended Amendments

- Remove ESG requirement from investment policy;
- Remove Export Development Canada Bonds;
- Add Asset-Backed Securities to portfolio diversification;
- Increase Issuer Limit for Corporate Notes from 3% to 5%;
- Remove requirement for average maturity not to exceed two years; and
- Update the Competitive Selection of Investment Instruments section to remove the requirement for solicitation and evaluation of at least three bids/offers for the investment manager.



# THANK YOU

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Questions?

