



## Northern Virginia Transportation Authority

*The Authority for Transportation in Northern Virginia*

### FINANCE COMMITTEE

Thursday, March 9, 2023 – 6 p.m., ET.

3040 Williams Drive, Suite 200

Fairfax, VA 22031

*This meeting was conducted in person or all virtual and livestreamed via [NVTA's YouTube Channel](#)*

### SUMMARY MINUTES

#### 1. Call to Order

- ✓ Mayor Rishell called the meeting to order at 6:02 p.m.

#### 2. Roll Call:

- ✓ **Membership Attendees:** Mayor Rishell; Chair Randall; Mayor Wood, Council Member Snyder (Remote-Location-Distance)
- ✓ **Staff Attendees:** Monica Backmon (Chief Executive Officer); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer); Dev Priya Sen (Investment & Debt Manager); Keith Jasper (Principal, Transportation Planning and Programming); Adnan Malik (Senior Accountant); Amanda Sink (Executive Assistant to CEO).
- ✓ **Council of Counsels:** Daniel Robinson (Fairfax County); Robert Dickerson (Prince William County); Christina Zechman-Brown (City of Alexandria); MinhChau Corr (Arlington County).

*Members of the Public were in person and were able to watch the meeting livestreamed via [NVTA's YouTube Channel](#)*

#### 3. Approval of February 9, 2023, Meeting Summary Minutes

- ✓ Chair Randall moved approval of the minutes of the February 9, 2023, meeting; seconded by Mayor Wood. Motion carried unanimously.

### Information/Discussion Items

#### 4. Finance Team Activity Report

Mr. Longhi, CFO

- ✓ Mr. Longhi presented to the Finance Committee the current and prospective upcoming months activities of the NVTA Finance Team by noting:
  - Implementation of Policy 29 changes- Stale invoice exclusion:
    - Mr. Longhi presented the Reimbursement table by Fiscal Year and noted that through six accrual months of FY2023, approximately \$61 million in reimbursement receipts have been received (6% more than the entirety of FY2023).
    - The proposed policy changes, as recommended by the Committee, are on the March Authority meeting agenda for approval.
    - The proposed changes have been discussed monthly at the Regional

Jurisdiction and Agency Coordinating Committee (RJACC) meetings since September 2022 and will be continued to be informed to the other department of the jurisdictions who are not part of RJACC.

- Duplicate Reimbursement Audit
  - Mr. Longhi noted that the audit process started with the transfer of data to the audit firm. The data transferred to the audit firm includes FY2023 reimbursements.
  - No involvement is required of project sponsors unless potential duplicates are identified.
  - Audit cost was based on FY2022 reimbursement transaction volume.
  - Current cost estimates exceed the budgeted amount by \$2,500.
  - No budget adjustments are requested currently.
- Revenue Estimates Kick-off
  - The revenue estimate cycle is starting.
  - The process will reexamine the FY2024 through FY2027 estimates and add estimates for FY2028/29.
  - A critical part of the estimation process is the projection of PayGo estimates for the FY2028/29 update to the Six Year Program.
  - Mr. Longhi noted the dip in Grantor's tax revenue for NVTa and across all jurisdictions due to the current economic factors.
  - Chair Randall asked how the property transactions are impacting the Grantor's tax to which Mr. Longhi noted that the value of the property and volume of sales are the two factors that impacts the Grantor's tax across the region.
- Northern Virginia Regional Commission (NVRC) has been invited to make a lease renewal presentation to the Committee.
  - Mr. Longhi noted that two years ago, during FY2022 budget preparations, NVTa staff suggested that the NVRC renegotiate the underlying lease to achieve pandemic related cost savings for both organizations.
  - Lease discussions over the last two years have included:
    - Formal lease split with negotiated conference room cost sharing to reduce Balance Sheet and credit pressures on NVRC.
    - Building core factor and escalation terms.
    - NVTa consultation with leasing representatives from the Commonwealth of Virginia (in the first year of discussion).
    - How to manage future growth demands for office space as both organizations add staff and meeting space utilization and reservation conflicts.
    - NVTa commitment to a lease maturity extension.
  - NVRC has stated it desires to have a new lease in place by May 2023. Mr. Longhi noted that an invitation has been sent to NVRC to present a lease renewal to the Committee based on a meeting he had with the

NVRC in February 2023. The lease renewal presentation will subsequently be presented to the Authority.

○ Investment Portfolio Certification

- Mr. Longhi informed that the NVTa investment portfolio now exceeds \$1.5 billion. NVTa staff, with the assistance of the FY2024 budget proposed investment consultant, will submit the NVTa Investment Policy for peer review and certification from at least one and possibly two domestic/international government investment professional associations.
- Some changes in the Investment Policy related to technical issues will be required prior to submission for certification. An example being in the asset category of Overnight Repurchase Agreements (REPOs) and a certification requirement to have a Tri-Party REPO Agreement in place, even though NVTa is not currently utilizing REPOs.
- Mr. Longhi explained how REPOs function.
- Council Member Snyder expressed his appreciation to the staff for taking care of the complexities and noted that staff should have the resources for the job. Mayor Rishell agreed with Council Member Snyder's comments.

○ Investment Policy Benchmarks

- Mr. Longhi presented the Current Investment Policy performance benchmarks table by noting the performance is at 2.18% which is measured as part of standard metrics to measure performance.
- He noted benchmarks were set up when the Investment Policy was first adopted by the Authority in December 2014. At that time, it was not envisioned that the portfolio size would exceed \$1.5 billion. Therefore, the maturity duration of the portfolio was set to short-term benchmarks more suitable for a daily liquidity portfolio.
- Currently, the portfolio has maturities out to five years, with a concentration in the one-to-three-year range. The portfolio duration measurement is 1.10 (1.0 = 1 year). Purchases in the two-to-three-year range are anticipated to expand as staff attempts to lock in higher rates safely and prudently for as long a maturity duration as liquidity demands demonstrate is appropriate.
- Staff will research and recommend alternative benchmark(s) to the Committee which better reflect the current size and duration of the portfolio.
- Mr. Longhi noted that staff constantly analyzes this point and the Committee will be updated periodically. He also informed that NVTa staff are projecting the Local Distribution allocations to top \$1 billion by December of FY2024. Mayor Rishell noted that she would be announcing that information at the March Authority meeting.

- Mayor Wood asked if 30% Local Distribution Funds could be used on the loans for public transportation projects, to which Ms. Backmon informed that localities can use their 30% Local Distribution Revenue for projects of their choice following HB 2313 parameters. Localities have the option to save multiple years of this revenue to undertake larger projects. Annually, each locality must certify that the funds were only used under the provisions of HB 2313.
- Mayor Rishell asked if it is still recommended for localities to submit letters to get approval from the Council of Counsels on how their 30% Local Distribution Funds can be used. Ms. Backmon responded that the Authority staff can advise the localities on such matters, but if it involves a request that wasn't previously vetted, a Council of Counsels' determination of the proposed use would be needed.

**5. Monthly Investment Portfolio Report**

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

**6. Monthly Revenue Report**

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

**7. Monthly Operating Budget Report**

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

**8. NVTA Update (Verbal Report)**

- ✓ Ms. Backmon thanked the Finance Team for the diligent work and stated that NVTA is in great financial standing which helps in NVTA's mission in funding projects.
- ✓ Mayor Rishell expressed her appreciation to the staff.
- ✓ Chair Randall asked if the Authority members could be briefed about the discussion that occurred during the Finance Committee meeting, so the members of the General Assembly who are also part of the Authority are made aware of the revenues that NVTA receives. This can further act as an outreach to the General Assembly.
- ✓ Mayor Rishell noted that sharing of information will be of utmost importance as new members join the General Assembly.

**9. Adjournment**

- ✓ Seeing no further questions, discussion, or order of business, Mayor Rishell adjourned the meeting at 6:35 p.m.