



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE

Thursday, June 8, 2023 – 6:00, p.m., ET
NVAR Fairfax Headquarters - 8407 Pennell St.
Fairfax, VA 22031

This meeting was conducted in person and virtually as well as livestreamed

SUMMARY MINUTES

1. Call to Order

- ✓ Mayor Rishell called the meeting to order at 6:01 p.m.

Roll Call:

- ✓ **Membership Attendees:** Mayor Rishell; Council Member Snyder; Chair Randall; Mayor Wood.
- ✓ **Staff Attendees:** Monica Backmon (Chief Executive Officer); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer); Dev Priya Sen (Investment & Debt Manager); Adnan Malik (Senior Accountant); Jonathan Davis (Board Secretary).
- ✓ **Council of Counsels:** Daniel Robinson (Fairfax County); Robert Dickerson (Prince William County); Christina Zechman-Brown (City of Alexandria); MinhChau Corr (Arlington County).

Presenters and Members of the Public attended in person and virtually person the meeting was livestreamed via [NVTA's YouTube Channel](#)

2. Approval of March 9, 2023, Draft Meeting Summary Minutes

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

PRESENTATION

3. NVRC Lease Renewal Presentation Mr. Robert W. Lazaro. Jr, Executive Director, NVRC

- ✓ Mr. Robert W. Lazaro thanked and introduced the Northern Virginia Regional Commission (NVRC) Executive Committee members who were present in person or viewing online and noted the following:
 - NVRC's current Lease expires on July 31, 2025, and is represented by Ben Eldridge of Cambridge, US.
 - Mr. Lazaro presented the new sublease proposal regarding NVTA to the Finance Committee members, and noted the following:
 - NVRC retains right to request the landlord to provide additional office space adjacent to the existing NVTA offices. Currently the space is built out and not permanently occupied.
 - He noted four conference rooms are available on a first-come, first served basis and stated NVRC is committed to working with NVTA to coordinate scheduling.

- He also noted that NVRC has retained legal services from Venable to review the lease and author the sublease agreement. Mr. Lazaro requested NVTa to review and sign the sublease agreement with NVRC.
- ✓ Mayor Rishell inquired about resolving conflicts related to the shared conference room bookings; Mr. Lazaro responded by outlining that both NVRC and NVTa are dedicated to holding regular meetings to promptly address scheduling conflicts and avoid instances of double booking of the conference rooms.
- ✓ Chair Randall expressed appreciation for NVRC and inquired about the lease duration NVTa typically signs with NVRC. Mr. Lazaro responded that the agreement is currently on a year-to-year basis. Chair Randall then asked about the transition from a year-to-year lease to a 10-year agreement and questioned the rationale behind this extended period. Mr. Lazaro explained that such a change would yield substantial savings for both NVTa and NVRC. He added that in the realm of real estate, shorter commercial leases do not result in significant savings. In the same conversation, Chair Randall highlighted NVTa's current growth trajectory and its foreseeable expansion, emphasizing that a 10-year lease might be considered lengthy given the evolving circumstances.
- ✓ Chair Randall inquired about the adjacent office space to NVTa's office, specifically whether it falls under NVRC's current lease and if it is presently in use. Mr. Lazaro stated that the space is not currently leased by NVRC. Chair Randall questioned the reason NVTa would have to approach NVRC if the space is not under their lease. Mr. Lazaro explained that the decision was driven by the desire for consistency, allowing NVTa to remain in the same area while dividing the space, a change set to take place by the end of July 2025.
- ✓ Mr. Longhi noted that two years ago, during FY2022 budget preparations, he discussed lease bifurcation with Mr. Lazaro as a means of exploring potential cost savings that would be advantageous for both organizations.
- ✓ In response to Chair Randall's suggestion, Mr. Longhi acknowledged the possibility of pursuing a conversation through either lease bifurcation or other options.
- ✓ Mr. Longhi noted that verbal guidance provided by the committee, combined with the Committee's next agenda item on Office Space Planning Services, would lead to informed analysis, discussions, and decisions by the Committee.
- ✓ Council Member Snyder emphasized the importance of conducting thorough due diligence, noting that it involves considerations beyond just square footage cost, including programmatic factors. He emphasized the need for a comprehensive comparison and assessment to ensure a favorable deal. He also inquired about the potential for cost savings if the lease were to be split, considering commercial real estate costs for such arrangements.
- ✓ Mayor Rishell emphasized the issue of conflicts in shared conference room reservations, recalling a previous incident during the Northern Virginia Transportation Roundtable that was crucial to NVTa; Mr. Lazaro noted that NVRC would find solutions to address such instances should they arise again.

- ✓ Mayor Wood pointed out that given the increasing number of projects, it is evident that NVTa is experiencing growth. He suggested that this growth presents an excellent opportunity to consider future expansion and development.

ACTION ITEMS

4. Office Space Planning Services

Mr. Longhi, CFO

- ✓ Mr. Longhi highlighted that to obtain professional advice and representation related to future office space decisions, NVTa can quickly obtain experienced professional representation through a shared procurement with the Commonwealth of Virginia. With the services of a real estate professional, a comprehensive examination of various options to include the NVRC lease proposal, other subleases, direct leases and purchase will be assessed. Mr. Longhi recapped the Authority's current lease circumstances as follows.
 - The NVTa currently leases office space through a sublease from NVRC. NVRC leases the property from the owner through a property management company.
 - NVRC has presented NVTa with a 10-year lease renewal representing a minimum \$2.7 million commitment.
 - NVRC is represented in its negotiations with NVTa and the property owner by Cambridge Property Group LLC (Mr. Eldridge) and is receiving legal advice from Venable LLP (Mr. Brandenstein Jr.).
 - The Commonwealth of Virginia, Department of General Services, Division of Real Estate Services (DRES) offers real estate brokerage, leasing representation, transaction management and strategic real estate planning services through a shared procurement.
 - DRES has added NVTa as an Authorized User under contract DGS-131031-Div. with Divaris Real Estate, Inc. (Divaris) a DMBE-certified business.
 - The typical transaction covered under the Divaris contract is commission based with the property owner paying the commission. There is a separate fee schedule for specific services with specified hourly rates.
 - Based on initial discussions with representatives of Divaris, out-of-pocket expenses are not expected to be incurred by NVTa.
- ✓ Mr. Longhi concluded by presenting the representation letter that was included in the staff report.
- ✓ Mayor Rishell emphasized the importance of NVTa making progress on the office space matter. She expressed the belief that involving a real estate professional will be beneficial in addressing this issue effectively and providing valuable insights.
- ✓ Chair Randall inquired if the final decision regarding this matter would be discussed during an Authority meeting. Mr. Longhi affirmed that presentations will first be made to the Committee, which will make recommendations to the full Authority.
- ✓ Mr. Longhi noted that the possibility of lease bifurcation was seen as a valuable approach in guiding informed decision-making for NVTa.
- ✓ Mayor Wood moved the NVTa Finance Committee direct the Chief Financial Officer to

undertake an examination of office space market options, sign a representation letter with Divaris Real Estate Inc. and provide a report to the Committee as soon as practical; seconded by Council Member Snyder. The motion passed unanimously.

Information/Discussion Items

4. Sole Source Procurement Declaration

Mr. Longhi, CFO

- ✓ Mr. Longhi reported a sole source procurement to the Finance Committee noting:
 - NVTAs Policy 12 – Procurement, Section VI requires the Committee to be advised if a Sole Source procurement is utilized under Code of Virginia 2.2-4303-E.
 - The City of Fairfax (City) applied for and received funding for project 2018-47-1 Intersection Improvements at Eaton Place/Chain Bridge Road in the FY2018-2023 Six Year Program.
 - As part of NVTAs funding decision and as required by the Code of Virginia, the project was evaluated using a computer simulated model. Per the Citys application submission, a roundabout at Eaton Place and Chain Bridge Road was evaluated. The NVTAs contracted for the computerized model analysis with AECOM.
 - The City wishes to modify the approved scope of the project, removing the roundabout and replacing that feature with two signalized intersections and several access point improvements.
 - Prior to authorizing the change in the project scope, the NVTAs is required to rerun the computer simulated model to evaluate if the projects TransAction ranking and Congestion Reduction Relative to Cost score is equal to or better than the score originally received.
 - Since AECOM did the TransAction work within which this project was originally modeled and ranked, they have the computer model already set up and the associated regional data on hand.
 - To have another firm recreate the TransAction model for this one project would cost more than \$100K and take an extensive amount of time. TransAction contracts stipulate NVTAs may come back and task work such as this upon mutual agreement.
 - There is no budget impact for NVTAs as the City will pay the AECOM costs associated with the remodeling.
- ✓ Mr. Longhi concluded by noting that a copy of the Memorandum of Agreement with the City is included in the Staff report.
- ✓ Council Member Snyder asked if this was something for Council of Counsels to review. Mr. Longhi noted that NVTAs had a task order for a contract with AECOM as a follow-up to the original contract to do the last version of TransAction.
- ✓ Council Member Snyder inquired if the analysis was programmatic in nature. Ms. Backmon clarified that the City intends to modify the projects scope from its original model and funding. They believe the new scope will score higher on the Congestion

Reduction Relative to Cost score. This is where the modeling becomes relevant, as NVTA needs to remodel the project to reflect the updated congestion scenario and integrate a more programmatic approach. According to the City, the belief is that the revised project might be slightly less expensive than the initial program.

- ✓ Ms. Backmon informed the group that this project was approved during the inaugural Six-Year Program (SYP) under the previous TransAction.
- ✓ Council Member Snyder inquired whether this approach qualifies as an appropriate Sole Source contract under the Virginia Procurement Act. Mr. Longhi mentioned that the NVTA Council of Counsels has assessed the Memorandum of Agreement between the NVTA and the City of Fairfax. NVTA will be engaging in further discussions with the Council of Counsels.

5. Monthly Investment Portfolio Report

- ✓ Mr. Longhi reviewed and presented the Monthly Revenue Report as provided in the packet.
- ✓ Council Member Snyder requested a comparison of the Portfolio's performance against other benchmarks. Mr. Longhi noted that the current benchmarks are oriented towards short-term durations, while NVTA's portfolio now has a longer duration. He indicated that staff have been researching and analyzing more relevant benchmarks that are aligned with the portfolio's longer maturity period.

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 noted in the interest of time, she will have comments at the Authority. meeting that evening.

9. Adjournment

- ✓ Seeing no further questions, discussion, or order of business, Mayor Rishell adjourned the meeting at 6:43 p.m.