

SUMMARY MINUTES

Thursday, April 10, 2025 – 6:00, p.m., ET
2600 Park Tower Drive, 6th Floor Meeting Room,
Vienna, VA 22180

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

1. Call to Order

- ✓ Chair David Snyder called the meeting to order at 6:11 p.m.

Roll Call:

- ✓ **Membership Attendees:** Chair Snyder; Chair Jefferson; Mayor Davis-Younger; Chair Randall
- ✓ **Remote Attendees:** Christina Brown (City of Alexandria)
- ✓ **Staff Attendees:** Monica Backmon (Chief Executive Officer); Michael Longhi (Chief Financial Officer); Peggy Teal (Deputy Chief Financial Officer); Dev Priya Sen (Investment & Debt Manager); Gary Armstrong (Senior Accountant); Lu Han (Comptroller); Abigail Hillerich (Communications & Public Affairs Manager)
- ✓ **Council of Counsels:** Daniel Robinson (Fairfax County).

Members of the public, jurisdiction and agency staff were in person and were able to watch the meeting livestreamed via [NVRTA's YouTube Channel](#)

2. Approval of February 13, 2025, Draft Meeting Summary Minutes Chair Snyder

- ✓ On a motion by Chair Randall, seconded by Mayor Davis-Younger, the Summary Meeting Minutes of February 13, 2025, were approved unanimously.

Presentation

3. FY 2025 Upcoming Audit (Verbal) Mr. Michael Garber, CPA, Partner PBMares LLP

- ✓ Mr. Michael Garber, CPA, Partner at PBMares LLP, provided an overview of the upcoming audit process. He noted that pre-planning has begun in coordination with the finance team. Mr. Garber emphasized the importance of open communication and invited Finance Committee members to share any financial or compliance concerns confidentially, which could be incorporated into the audit scope. He explained that the audit typically focuses on different areas each year and encouraged anyone with specific concerns to reach out to him directly. Mr. Garber also made himself available for questions or further discussion outside the meeting.
- ✓ Mr. Longhi emphasized the importance of audit independence and encouraged committee members to reach out to Mr. Garber with any concerns or questions.
- ✓ Chair Randall inquired whether the Grantor's Tax might be affected by the number of federal employees in Northern Virginia, given concerns about foreclosures. Mr.

Garber acknowledged that while it is difficult to predict the future, he believes NVTAs revenue will remain stable and noting that NVTAs ongoing monitoring and analysis are in place. Mr. Longhi highlighted the importance of transparency in revenue estimates and financial planning. He referenced the 2008 recession, noting that while it caused a downturn in property values, it also resulted in higher Grantor's Tax revenues due to foreclosures. He explained that while a decrease in property values could negatively affect the Grantor's Tax, an increase in transaction volume could offset this. Although Mr. Longhi stressed that predicting these changes is difficult, he reassured the committee that the finance team has built safeguards to protect projects from economic fluctuations.

Discussion/Information Items

4. NVTAs Finance Activities Update

Mr. Longhi, CFO

- ✓ Mr. Longhi presented the following finance team activities updates and topics:
 - Finalizing/Implementing the FY2026 Budgets.
 - Project Delivery Support – Project Sponsor Engagement (Problem Resolutions).
 - Project Delivery Support is currently in the Project Problem Resolution phase. This stage focuses on fostering effective communication and collaboration with project sponsors and jurisdictions to proactively address any issues that arise during execution. Additionally, it involves implementing targeted strategies to improve delivery efficiency, minimize delays, and optimize resource utilization to ensure successful project completion.
 - FY2025 Audit Start.
 - The annual audit has officially begun, with preparations underway to ensure full compliance and transparency.
 - Cyber Threats – Maintaining Best in Class Technology, While Maintaining Cyber Insurance Compliance.
 - NVTAs recently completed penetration testing and passed all assessments. With increased cybersecurity insurance requirements, the team has implemented new measures, including routine employee training to reduce risks.
 - Investment Portfolio Breaks the \$2 Billion Threshold. Transaction Volume, Economic Uncertainty.
 - NVTAs investment portfolio surpassed \$2 billion, a significant milestone. Despite economic uncertainty, the portfolio remains strong. Mr. Longhi shared a recent investment success story where Ms. Sen secured a \$15M investment amid market volatility, earning NVTAs \$26,000 in additional interest.
 - Policy 29
 - Updates With Draft Recommendations – Furthering Project Delivery Efforts.
 - Landlord Concession Utilization Wrap-Up - Final Accounting. (Date Critical)
 - Finalization of landlord concession utilization is in progress.

- TransAction Six Year Program Procurement.
 - The team is initiating procurement for the next TransAction update. This is the Authority's largest procurement effort.
- Procurement(s) in Support of Unforeseen Initiatives.
 - Procurement planning includes flexibility to respond to unforeseen initiatives, aligned with NVTa's need for agile support services.
- Grantor's Tax Revenue Monitoring and Analysis.
 - Ongoing monitoring of the Grantor's Tax revenue continues. While there is concern about potential declines, Mr. Longhi emphasized NVTa's strong fiscal safeguards and ability to weather economic downturns.
- Fitch Ratings – Annual Surveillance Analysis.
 - Fitch Ratings reaffirmed the AA+ rating, highlighting the organization's strong ability to meet its financial obligations and a stable outlook that reflects confidence in its financial management. Also, Moody's maintained its rating, even without direct engagement, indicating continued confidence in the organization's consistent performance and sound financial practices.
- Policy 30 - On Call Consultant Requests for Proposals (RFPs).
- Economic Analysis with Core Values Procurement.
 - NVTa is moving forward with its economic analysis, as discussed in previous meetings. This updated analysis will incorporate the Authority's core values to ensure that financial planning and decision-making align with NVTa's long-term strategic vision and principles.

5. Monthly Investment Portfolio Report

Ms. Sen, Investment & Debt Manager

✓ Ms. Sen presented the following NVTa Investment Strategy Overview:

- Monthly Maturities & Cash Flow Management
 - Laddering monthly maturities of \$80-\$100 million in securities. Managing up to \$20 million per month in positive cash flow. Total transactions of as much as \$120 million per month. This strategy supports liquidity and aligns with funding needs for upcoming projects.
- Bond Investment Strategy
 - Focus on securities within the 2- to 3-year and 3- to 4-year maturity ranges in the coming months. This strategy is designed to enhance portfolio flexibility, manage duration risk, and maintain higher yields, particularly in the event of market downturns.
 - Attention was drawn to the Implied Fed Funds Target Rate Chart, which reflects the projected federal funds rate. According to Bloomberg data, the rate is expected to be approximately 3.875% by the end of 2025 and 3.125% by the end of 2027. As a point of comparison, an instrument with an April 2027 maturity currently yields 4.23%, offering a yield advantage of about 110 basis points over the projected rate for that time. This supports the decision to stay within the targeted maturity window, aligning with the portfolio's objectives of yield preservation and risk management.
- Performance

- The portfolio outperformed the ICE BofA 18-Month Average Index by 8 basis points, reflecting effective management and strategic investment decisions. This positive performance was supported by continuous monitoring and thorough analysis of market conditions, enabling the portfolio to consistently stay ahead of the benchmark.
- Callable Bonds Strategy
 - Avoiding callable bonds to prevent early calls as the market drops, ensuring stable returns while minimizing reinvestment risk.
- Maturity Chart
 - Maturity strategy outlined in the five-year maturity analysis chart, covering the period from April 2025 to April 2030. The chart presented reflects average monthly yields and is used to guide investment decisions aligned with projected cash flow needs, including future project reimbursements.
 - The current ladder maturity structure includes investments yielding 4–5%, with some as high as 6%, despite the market trend of declining rates. This structure provides yield protection and stability over the next several years, even as the broader market shifts. Ms. Sen emphasized that these instruments will be held to maturity, continuing to generate strong returns even if rates fall further.
 - Mr. Longhi emphasized the importance of maintaining monthly maturities between \$20 million and \$100 million to ensure sufficient liquidity for project reimbursement needs. This strategy enhances both flexibility and financial preparedness.
- Market Monitoring:
 - Regularly monitoring Federal Reserve actions, market trends, and economic indicators to make informed, strategic decisions and capitalize on emerging opportunities.
- ✓ Chair Randall raised a question regarding the final bullet point in the presentation, which addressed regulatory monitoring. Mr. Sen responded by explaining that Bloomberg is utilized for real-time market data and insights. Additionally, Mr. Longhi further clarified that Bloomberg offers market access comparable to that of professional traders on Wall Street. This platform enables staff to monitor current market activity, including when brokers attempt to sell instruments, providing visibility into recent sales and facilitating quick validation of pricing.
- ✓ Chair Snyder highlighted that the investment outperformed the performance benchmarks and expressed gratitude for the team’s hard work.
- ✓ Mr. Longhi presented the Auditor of Public Accounts (APA) has updated its Cash and Investments guidelines to provide new guidance on SPDA (Security for Public Deposits Act) program access.
 - Under the Virginia Security for Public Deposits Act (§2.2-4400 et seq.), all public deposits must be placed in a qualified public depository. Government officials must ensure these accounts are correctly identified as public deposits by the institutions.
 - Annual SPDA Account Confirmation - To meet audit requirements, NVTA ensures all official bank account balances are accurately reported in its

annual financial statements. The State Treasury has implemented a new annual SPDA verification process to confirm account balances as of June 30, 2024.

- Quarterly Bank Review – Per NVTAs Investment Policy, banks holding NVTAs deposits must be qualified depositories. NVTAs conducts a quarterly review to ensure compliance. This self-imposed review requirement exceeds even the updated APA requirements.

6. Monthly Revenue Report

Mr. Longhi, CFO

- ✓ Mr. Longhi provided a quick overview of the revenue. He referred to the standard charts in the packet and highlighted the following points:
 - Sales tax is currently 9% above projections.
 - The Interstate Operations and Enhancement Program is 21% below projections.
 - Grantors Tax is 29.6% below. But Mr. Longhi noted that, for the organization to miss its revenue targets, sales tax would need to drop by \$10 million, which is unlikely given the current trends.
 - A new chart, titled NVTAs Portfolio Summary Comparison by Month, was presented, showcasing the performance of the portfolio. This chart highlights interest earnings, which have already surpassed projections by a significant margin, reaching \$56.4 million compared to the initial estimate of \$35 million.

7. Monthly Operating Budget Report

Mr. Longhi, CFO

- ✓ Monthly Operating Budget Report in the meeting package was reviewed.

8. NVTAs Update (Verbal Report)

Ms. Backmon, CEO

- ✓ Ms. Backmon thanked everyone.

9. Adjournment

- ✓ Chair Snyder expressed his appreciation to the staff and the members of the Finance Committee for their ongoing support and contributions.
- ✓ Seeing no further questions, discussion, or order of business, Chair Snyder adjourned the meeting at 6.57 p.m.