



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE

Thursday, October 21, 2021 – 1:00 PM

3040 Williams Drive, Suite 200

Fairfax, VA 22031

Meeting Held via WebEx and Live Streamed on YouTube

SUMMARY MINUTES

1. Call to Order/Welcome

Mayor Rishell, Chair

- Mayor Rishell called the meeting to order at 1:09 PM.
- Attendees:
 - ✓ Committee Members: Mayor Rishell; Chair Randall; Delegate Watts;
 - ✓ Staff: Monica Backmon (CEO); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer); Dev Priya Sen (Investment & Debt Manager); Margaret Duker (Board Clerk)
 - ✓ Council of Counsels: MinhChau Corr (Arlington County);
 - ✓ Other Attendees: Tyler Farnsworth (Audit Manager, PBMares, LLC); Jurisdictional and agency staff and the public attended the meeting via the Authority's YouTube channel

2. Summary Minutes of the September 23, 2021 Meeting

Mayor Rishell, Chair

Recommended Action: Approval [with abstentions from those who were not present]

Chair Randall moved approval of the minutes of the September 23, 2021, meeting; seconded by Delegate Watts. Motion carried unanimously.

Action Item

3. FY2021 Audit Presentation

Mr. Farnsworth, PBMares, LLP

- As a political subdivision of the Commonwealth of Virginia, the Authority is required to complete an annual audit of its financial activities for each fiscal year.
- Mr. Longhi introduced Mr. Farnsworth (Audit Manager, PBMares, LLP) to provide his opinion on the FY2021 audited financial reports.
- Mr. Farnsworth highlighted the Management's Discussion and Analysis section from the audit report year over year and noted the increase of \$74 million in Intergovernmental Revenue noting the individual revenue lines.
- He further noted investment income reflects a decrease of \$21 million due to the continued reduction in the market and interest rates attributed to the COVID-19 pandemic and economic shut down.
- He noted the Schedule of Changes in Restricted Funding for Appropriated Projects was around \$1.1 billion for funds appropriated to projects. NVTa staff and PBMares added this schedule several years ago. The schedule shows details of funds appropriated to projects and draw down requests.

- Mr. Farnsworth concluded by noting that that FY2021 Financial and Compliance Reports received an unmodified (clean) audit opinion. This opinion reflects that the Authority’s financial statements, in all material respects, fairly and accurately present the financial position of the Authority for FY2021.
Chair Randall moved the Finance Committee recommend Authority approval of the FY2021 Audit Presentation, seconded by Delegate Watts. Motion carried unanimously.

Information/Discussion Items

4. FY2023 Budget Guidance

Mr. Longhi, CFO

- Mr. Longhi reviewed material for the Committee to provide guidance on the development of NVTAs three budgets for FY2023 – Regional Revenue Fund Budget (70%), Local Distribution Fund Budget (30%), and Operating Budget Fund.
- Regional Revenue Fund Budget (70%):
 - Mr. Longhi described the function of the Regional Revenue Fund Budget and how it is the source for transportation project funding by the Authority.
 - The Regional Revenue Fund budget’s first priority, as legally required in the Code of Virginia and NVTAs Bond Indenture and Debt Policy, is to first fund all debt service obligations.
 - He noted only Sales Tax and Regional Congestion Relief Fee (Grantor's Tax) can be pledged to debt issuance and used to determine debt service capacity.
 - With all debt service obligations budgeted, the resources in this fund are then available for PayGo project funding of Authority approved projects.
 - Estimate revenues cooperatively, transparently and conservatively.
 - Strive to end the fiscal year with small positive actual receipts to budgeted revenue variances (actual receipts slightly higher than budgeted revenues).
 - This budget funds the expenses related to TransAction and Six Year Program updates and directly related technical and consultative support services.
 - The revenue estimate process feeds into the update of the PayGo analysis which will be required for the next Two-Year Program Update for FY2026-FY2027.
- Local Distribution Fund Budget (30%):
 - Mr. Longhi noted that Local Distribution Fund (30%) revenues are distributed in their entirety to member jurisdictions in accord with HB 2313 (2013).
 - He noted that the target revenue actual to budget variance to be positive (actual higher than budget).
 - Maintain budget authorization to distribute the full funds received from the Commonwealth on a monthly basis while in full compliance with the Code of Virginia and NVTAs policies. This eliminates the need for budget adjustments to distribute revenue in excess of the annual budgeted revenue.

- Utilize the Regional Revenue Fund for operating budget costs, eliminating reductions in jurisdiction Local Distribution Fund (30%) revenue.
- Operating Fund:
 - Starting in FY2020 (per SB 1468), the Operating Budget has been funded from a transfer from the Regional Revenue Fund, rather than funding received from member jurisdictions, typically through a reduction in their 30% Local Distribution funds. This action in FY2020 (the first time it was possible) saved member jurisdictions \$2.9 million.
 - The Operating Budget is presented in the format of base budget increases (contract escalations, inflation, etc.) and new initiatives.
 - Mr. Longhi noted the base budget increases includes Salaries, Health, Dental, and Retirement Costs, Contracted Services, and Operating Reserves
- Mr. Longhi concluded by noting that the prior year budget guidance and the impact of COVID-19 economic concerns on the FY2022 revenue estimates. The initial budget requests for operating cost normal escalations and new FY2023 initiatives will be discussed at the December meeting.

5. Investment Portfolio Report Ms. Dev Sen, Investment and Debt Manager

- Ms. Sen presented the Investment Portfolio Report to the Finance Committee members and discussed the Authority’s Investment Portfolio performance.
- She noted that in the rising rate market, NVTa has implemented a strategy targeted to have \$30 million a month in maturities.
- On a monthly basis, NVTa is using the roll over of maturities plus monthly Regional Revenue Funds in excess of reimbursement requests to fund new monthly security purchases of between \$40 to \$48 million. The dividends of this strategy result in more funding for transportation projects.
- Ms. Sen concluded her presentation by noting that the Portfolio continues to perform well compared to its benchmarks and the overall market.

6. Monthly Revenue Report Mr. Longhi, CFO

- Mr. Longhi presented the Monthly Revenue Report and responded to questions.

7. Monthly Operating Budget Report Mr. Longhi, CFO

- Mr. Longhi presented the Monthly Operating Budget Report and responded to questions.

Motion to Convene a Closed Meeting

Mayor Rishell moved that the Northern Virginia Transportation Authority Finance Committee convene a closed meeting, as authorized by Virginia Code section 2.2-3711.A.1, for the purpose of a discussion regarding a personnel matter involving the CEO’s performance, and a consultant report and recommendation as it relates to the CEO’s performance; seconded by Delegate Watts.

Motion to Reconvene an Open Meeting

Mayor Rishell moved that the members of the Northern Virginia Transportation Authority Finance Committee certify: (1) that only public business matters lawfully exempted from open meeting requirements under Chapter 37, Title 2.2 of the Code of Virginia; and (2) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Committee; seconded by Chair Randall.

Adjournment: 2:30 PM

Next Meeting December 16, 2021, 1:00 PM (Room B)

3040 Williams Drive, Suite 200, Fairfax, Virginia