



Northern Virginia Transportation Authority

The Authority for Transportation in Northern Virginia

FINANCE COMMITTEE

Thursday, May 12, 2022 – 6:00 PM

3040 Williams Drive, Suite 200

Fairfax, VA 22031

Meeting conducted in person and live streamed via YouTube

MEETING SUMMARY

1. Call to Order/Welcome

- Mayor Rishell called the meeting to order at 6:10 PM.
- Attendees:
 - Committee Members: Mayor Rishell; Chair Randall; Council Member Snyder; Mayor Wood.
 - Staff: Monica Backmon (Chief Executive Officer); Michael Longhi (CFO); Peggy Teal (Assistant Finance Officer); Dev Priya Sen (Investment & Debt Manager); Jonathan Davis (Authority Board Secretary); Amanda Sink (Executive Assistant to CEO).
 - Council of Counsels: Daniel Robinson (Fairfax County); Robert Dickerson (Prince William County).
 - Remote: Joanna Anderson (City of Alexandria); MinhChau Corr (Arlington County).

2. Summary Minutes of the March 10, 2022, Meeting

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

Council Member Snyder moved approval of the minutes of the March 10, 2022, meeting; seconded by Mayor Wood. Motion abstained by Chair Randall.

Action Item

3. Revenue Projection Update

Recommended Action: Recommend Authority Adoption of Updated Revenue Projections.

- Mr. Longhi presented the FY2023 to FY2027 revenue projections included in the staff report by noting that revenues are monitored monthly with projection revisions typically made concurrent with Six Year Program updates (every two fiscal years).
- Mr. Longhi continued the discussion by noting that the revenue projections include the 30% local and 70% revenue funding and highlighted the impacts each funding source has made to the overall revenue projections.
- He further noted that the FY2023/27 revision/projections are based on:
 - Post COVID-19 pandemic recovery.
 - Inclusion of new or expanded revenues from the 2020 and 2021 General Assembly sessions.
 - Full implementation of the Grantor's Tax.
 - Multi-year inflationary pressures resulting from numerous triggers.

- Individual jurisdiction pre-pandemic, pandemic and projected endemic COVID influences on prior sales tax receipt history and projections.
- Mr. Longhi further noted that the Revenue Projections feed into the PayGo determination in support of the current FY2020 to FY2025 Six Year Program and project funding levels for the upcoming two-year update (FY2026 and FY2027).
Chair Randall moved the approval of the Revenue Projection Update, seconded by Mayor Wood. Motion carried unanimously.

4. Regional Revenue Funds Available for FY2026/27 Programming-PayGo

Recommended Action: Recommend Authority Adoption of Available Regional Revenue Funds for FY2026/27-PayGo

- Mr. Longhi presented the PayGo determination table which takes the gross amount of Regional Revenue funds and determines the funding projected to be available in future years to support upcoming Six Year program updates.
- He further noted that the NVTa planning staff will develop funding recommendations for the FY2022-2027 Six Year Program (SYP) to present to the Technical Advisory Committee, Planning Coordination Advisory Committee and the Planning and Programming Committee for consideration.
- Mr. Longhi continued the discussion noting that supporting the prior SYP project commitments during COVID necessitated the temporary suspension of certain prior practices through:
 - Release of Taper Funds.
 - Use of projected (unaudited) versus Audited Fund Balance.
 - Earlier use of prior Audited Fund Balance.
- He added that all the prior practices have been re-established in the preparation of the FY2026/27 PayGo recommendation.
- Mr. Longhi continued that the PayGo Estimation Analysis refines gross Regional Revenue Fund amounts to PayGo through 11 calculations. Some of these steps are based on currently known data points, and some are based on estimates extended over a six-year horizon. He noted that some of the known data points are:
 - Audited Fund Balances
 - Prior Taper Release
 - Debt Service
 - Proposed Taper Reinstatement
- Mr. Longhi further added that the PayGo Estimates includes:
 - Portfolio interest earnings (adjusted for COVID-19 and financial market turmoil)
 - Future TransAction Update costs
 - Technical support costs (Long Term Benefits, Congestion Reduction Relative to Cost (CRRC), SYP Updates) – These estimates have been reduced based on the recently adopted FY2023 Operating Budget.
 - Regional modeling and data initiatives.
 - Operating budget transfer estimates
- He further explained the factors for Risk Mitigation by explaining:

- No use of the Working Capital Reserve (WCR) of \$120 million is proposed.
 - NVTA staff can use Standard Project Agreement (SPA) Appendix B approvals to manage liquidity demands.
 - Authority credit ratings, the WCR, new revenue sources, and long project horizons provide strong fundamentals for the use of short-term financing, if required, to support project commitments.
 - Chair Randall asked Mr. Longhi if the credit rating for Authority is rated AA+. Mr. Longhi responded by acknowledging the same.
 - Council Member Snyder asked how the potential for inflation will impact the projections of the Investment Portfolio. Mr. Longhi responded that the inflationary situation favors the Fixed Income market.
- Chair Randall moved the Finance Committee recommend Authority approval of the Regional Revenue Funds Available for FY2026/27 Programming-PayGo, seconded by Mayor Wood. Motion carried unanimously.

5. Financial Statement Audit Services

Recommended Action: Recommend Authority Approval of Audit Contract Award

- Mr. Longhi highlighted that the Finance Committee, in its role as the Audit Committee, is responsible for approving the selection of an audit firm and audit plan supporting the preparation of annual audited financial statements.
- He noted that the Finance Committee provided guidance to seek a contract renewal via a contract rider with PBMares LLP. The basis for the guidance was to ensure continuity of audit services, develop routine annual duplicate payment audits, and expeditiously obtain consulting services for the potential administration of Federal funds.
- On February 10, 2022, a joint Request for Proposals (RFP) for financial auditing services were issued by Northern Virginia Transportation Commission (NVTC), Potomac and Rappahannock Transportation Commission (PRTC) and Virginia Railway Express (VRE) for a base period of three years beginning with FY2022, with options for two additional two-year periods. The RFP was issued in accordance with the Virginia Procurement Act.
 - Six proposals were received and ranked by the technical evaluation team in accordance with the guidelines specified in the RFP.
 - On April 22, 2022, VRE formalized a contract with PBMares LLP, which included a suitable rider clause.
- Mr. Longhi noted that retaining PBMares LLP as NVTA's independent auditor will allow a speedier implementation of two new initiatives approved by the Authority last month in FY2023 Operating Budget: (1) Implementation of annual duplicate reimbursement detection audits, and (2) Preparation for the Authority to become a qualified recipient of Federal Funds.
- Mr. Longhi highlighted that the two initiatives will have an expected earlier completion date of 6 to 8 months due to PBMares, LLP continuing as independent auditor.

Chair Randall moved the Finance Committee recommend Authority approval to

renew the Financial Statement Audit Service agreement with PBMares LLP for three base years, fiscal years 2022 through 2024, with options to extend for up to four additional years, in two-year increments., seconded by Mayor Wood. Motion carried unanimously.

Information/Discussion Items

6. Monthly Investment Portfolio Report

- Ms. Sen presented the Monthly Investment Portfolio Report as provided in the packet.

7. Monthly Revenue Report

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

8. Monthly Operating Budget Report

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

Adjournment

- Chair Rishell adjourned the meeting at 6:45 pm.