

SUMMARY MINUTES

**Thursday, December 12, 2024 – 6:00, p.m., ET
2600 Park Tower Drive, 6th Floor Meeting Room,
Vienna, VA 22180**

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

1. Call to Order

- ✓ Mayor Rishell called the meeting to order at 6:08 p.m.

Roll Call:

- ✓ **Membership Attendees:** Mayor Rishell; Council Member Snyder; Chair Jefferson.
- ✓ **Staff Attendees:** Monica Backmon (Chief Executive Officer); Michael Longhi (Chief Financial Officer); Dev Priya Sen (Investment & Debt Manager); Quinn Haley (Executive Assistant to the CEO); Margaret Duker (Accounting Assistant), Gary Armstrong (Senior Accountant), Lu Han (Comptroller), Sree Nampoothiri (Senior Manager, Transportation Planning & Programming); Abigail Hillerich (Communications & Public Affairs Manager).
- ✓ **Council of Counsels:** Christina Brown (City of Alexandria), MinhChau Corr (Arlington County).

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

2. Approval of October 17, 2024, Draft Meeting Summary Minutes

- ✓ Council Member Snyder moved approval of the October 17, 2024, meeting minutes; seconded by Chair Jefferson. Motion carried unanimously.

Action Items

3. 2025 Finance Committee Meeting Schedule

Mr. Longhi, CFO

- ✓ Mr. Longhi presented the Finance Committee meeting schedule for the period of January 2025 to January 2026 to the Committee members.
- ✓ Chair Jefferson moved the adoption of the proposed January 2025 to January 2026 Finance Committee meeting schedule: seconded by Council Member Snyder.

Discussion/Information Items

4. FY2026 Budget Guidance Discussions

Mr. Longhi, CFO

- ✓ Mr. Longhi reviewed material for the Committee to provide guidance on the development of NVTA's three budgets for FY2025 – Local Distribution Fund Budget (30%), Regional Revenue Fund Budget (70%), and Operating Fund Budget.

- Local Distribution Fund Budget:
 - The Committee has previously recommended establishing the budgeted amount by utilizing the finalized FY2026 revenue projections which were adopted by the Authority on June 13, 2024.
 - Wording within the final proposed budget will include language which stresses compliance with the State Code such that distributions will be made based on revenues received from the Commonwealth, regardless of projection variances.
 - Subject to adherence with the State Code required annual certification, the Local Distribution Fund revenues are restricted to proportional distribution to NVTAs's member jurisdictions.
- Regional Revenue Fund Budget:
 - Prior guidance for this budget has been to base the budget on the finalized FY2025/29 revenue projections and PayGo analysis which were adopted by the Authority on June 13, 2024.
 - The PayGo analysis confirmed funding for all previously approved projects and set the recommended amount of funding made available for the FY2028/29 update to the Six Year Program.
 - Revenue projections will be reevaluated for the next update to the Six Year Program and will add fiscal years 2030 and 2031.
- Operating Fund Budget:
 - The Committee was provided with Operating Fund Budget guidance, organized into two distinct categories. The first category encompasses base budget escalations driven by factors such as inflation, contract terms, and required service extensions, excluding prior one-time funding. The second category is for new initiatives proposed for FY2026 and is the focus of this discussion. Known initiatives are noted below. Additional initiatives are under management review.
 - **Communications Professional:** The Authority's consulting contracts involve significant communications and public engagement work. This initiative suggests relying less on paid consultants for creative and oversight tasks, using the savings to hire an additional in-house communications staff member. Public engagement will mostly stay outsourced, but general oversight will shift to the new in-house staff instead of consultants.
 - Proposal Objective: Reduce dependency on paid consultants for creative and oversight tasks in communications, reallocating savings to hire an additional in-house communications staff member.
 - Scope of Public Engagement: Contracted public engagement tasks will remain mostly unchanged, but general oversight will transition to the new in-house resource instead of relying on consultants.
 - Communications staff spend considerable time maintaining consistent messaging, format, and quality despite oversight provisions in consulting contracts.

- Changes in prime and subcontractors require in-house resources to repeatedly reintegrate standards and processes, causing inefficiencies.
 - Focus on quality control, proactive outreach, and execution of external deliverables.
 - Contractors will continue handling some deliverables under direct supervision from the new NVTA staff member.
 - Reallocating 660 contractor hours to in-housework will fund the new position's salary and free up an additional 1,260 hours annually for other team tasks.
 - The proposal enhances internal capacity, reduces reliance on consultant billable hours, and ensures consistent, high-quality communication deliverables.
- **Financial Accountant:** The finalization of NVTA's office move and the recent Authority directive to prepare a policy to address project cost underestimates, overruns and transfers has exposed a lack of bandwidth within the finance team. The Financial Accountant position will be responsible for collecting, analyzing and maintaining financial data, detecting trends, tracking key performance measures, and forecasting. Additionally, this position will be expected to become heavily involved in leading procurements.

This lack of bandwidth is evidenced by postponed activities such as:

- Build out of grant recipient policies (FY2023 Budget), Outside legal services options (FY2024), Procurement of pre-qualified on-call transportation consulting services (FY2025 Budget), Website Modernization Procurement (Delayed from FY2024 to FY2025), Procurement of economic analyses inclusive of NVTA Core Values (Timeline Uncertain), Next cycle of the duplicate payment audit (1.5 years overdue).

Many of the demands on the finance team are triggered by successes.

Some examples are:

- A 35% increase in reimbursement requests in FY2024. This trend is expected to continue. However, 60% of reimbursement requests required multiple interactions with project sponsor staff to enable payment.
- The investment portfolio is expected to double in size from FY2020, from \$1 billion to \$2 billion, by the end of FY2025.
- Monthly investment transactions have increased from \$40 million to between \$80 million and \$120 million.
- The increase in the number of securities purchased resulted in a 12% increase in the number of coupon payments processed totaling \$50 million for FY2024 and a 93% increase in the number of maturities processed for the same period.
- Investment purchases have had to be postponed due to the insufficient time available for CFO review. This has resulted in

reduced interest earnings of \$92,054 so far in FY2025.

- These demands have resulted in a significant reduction in the Investment and Debt Manager position's capacity to be involved in other financial functions such as procurements.
- ✓ Mr. Longhi introduced two new staff members who recently joined the Authority: Ms. Lu Han as Comptroller and Mr. Gary Armstrong as Senior Accountant.
- ✓ Chair Jefferson sought clarification on public outreach and mass public engagement. Mr. Longhi explained that during mass public engagement, pop-up events are held, and surveys are conducted if the contractor assigns team members to facilitate smooth operations. He also noted that this type of work will continue to be outsourced.
- ✓ Councilmember Snyder inquired about the projected salaries for both positions and asked whether the savings presented in the report for the communications professional position were one-time or recurring. Mr. Longhi confirmed that the savings occur annually, though with some fluctuations, as the figures are based on three years of TransAction activity within a five-year contract. Councilmember Snyder also confirmed that some outsourced contracts could be handled in-house, to which Mr. Longhi agreed.

5. Monthly Investment Portfolio Report Ms. Sen, Investment & Debt Manager

- ✓ Ms. Sen presented the Monthly Investment Portfolio Report, explaining that staff are focusing on investments with maturities of two years or more to reduce reinvestment risk, secure strong yields, and maintain a balanced approach.
- ✓ She noted that staff prioritize purchasing non-callable or "bullet" instruments to protect the portfolio during periods of declining interest rates.
- ✓ The strategy aims to preserve long-term yields as rates fall, while staying flexible to benefit from future rate increases.
- ✓ Before making investments, staff carefully review key economic indicators like the Consumer Price Index, employment data, and GDP to align with market trends.
- ✓ Ms. Sen also shared that securities yielding below 1% make up only 2% of the \$1.9 billion portfolio.

6. Monthly Revenue Report Mr. Longhi, CFO

- ✓ Mr. Longhi reviewed and presented the Monthly Revenue Report as provided in the packet.
- ✓ Mr. Longhi presented the Interstate Operation Enhancement Program (IOEP) chart and noted that during the October 2024 meeting, Councilmember Snyder requested a comparison between VDOT's projected IOEP revenue and the actual figures. He explained that NVTA staff rely on the most current VDOT estimates available at the time of their projections; however, subsequent updates from VDOT do not necessarily prompt revisions to NVTA projections.

7. Monthly Operating Budget Report Mr. Longhi, CFO

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

8. NVTA Update (Verbal Report)

Ms. Backmon, CEO

- ✓ Ms. Backmon thanked Mayor Rishell, acknowledging that it was her final meeting, and expressed appreciation for her leadership and service. She also mentioned that the official recognition would take place at the Authority meeting later that evening.

9. Adjournment

- ✓ Mayor Rishell expressed her 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, Mayor Rishell adjourned the meeting at 6:45 p.m.