



FINANCE COMMITTEE MONTHLY MEETING
THURSDAY, DECEMBER 09, 2010
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

MEMBERS ATTENDING:

Louise P. Hoblitzell
Peter J. Basso (via telephone)
Richard C. Mike Lewin (via telephone)

STAFF ATTENDING:

Alice Brooks
Randy Brown
David Chapin
Patrick Fleming
Allen Garman
Jackie Seneschal
Deborah Sharpless
Valerie Smith
Cheryl Sparks

OTHER ATTENDING:

David Fleming – MD. Dept. of Transportation

OTHER ATTENDING (VIA TELEPHONE):

Leif Dormsjo – MD. Dept. of Transportation
Peter Kessenich – Public Financial Mgmt., Inc.
Jamie Traudt – Davenport and Company, LLP
Mitch Brigulio – Davenport and Company, LLP
Joe Mason – Davenport and Company, LLP

At 10:04 am, Member Louise Hoblitzell called the meeting of the Finance Committee to order.

Approval – Meeting Minutes – November 10, 2010

Upon motion by Member Jack Basso and seconded by Member Mike Lewin, the minutes of the November 10, 2010 Finance Committee were unanimously approved.

Recommend to Full Authority: COMAR Review Board Policy

Alice Brooks presented a draft copy of the COMAR Review Board Policy for consideration and approval for submission to the full Authority. This draft formalizes the review and approval process for proposing and changing COMAR for the Maryland Transportation Authority.

Upon motion by Mr. Basso and seconded by Mr. Lewin, the members unanimously agreed to recommend to the full MDTA Board the approval of the COMAR Review Board Policy.

Recommend to Full Authority: Financial Forecast

David Chapin presented materials concerning the recommended financial forecast related to the Final FY 2011-2016 CTP and Preliminary FY 12 Operating Budget. The forecast would be submitted to the Legislature in January 2011. The recommended forecast is based on Proforma 2010-16.

Upon motion by Mr. Lewin and seconded by Mr. Basso, member unanimously approved to recommend to the full MDTA Board the approval of the Financial Forecast.

Update: Financial Schedules and Proforma Scenarios

Deborah Sharpless reviewed various factors which affect the calculation of debt service coverage and rate covenant compliance, and which help determine the results of financial forecasts. She reviewed the relationship of revenues, operating costs, net debt service, and deposits to the Maintenance and Operations (M&O) account. The MDTA is required by its Trust Agreement to remain in compliance with the rate covenant under which net revenues (after subtracting operating costs) must be at least 1.0 times the sum of: a) 120% of debt service, and b) annual deposits to the M&O account. The Authority's financial policy goal indicates that net revenues (again after subtracting operating costs) should be at least 200% of debt service. Ms. Sharpless explained the calculation of deposits to the Maintenance and Operations (M&O) account. She also reviewed the various estimates in proformas concerning toll revenues, operating expenses, debt service and capital expenses, and indicated how some of these estimates have changed over the past year.

Mr. Chapin reviewed proformas illustrating various revenue increase scenarios. Options reviewed included implementing toll increases on biennial or quadrennial schedules (both beginning in FY 12). The impact of potential delays in implementing a FY 12 toll increase were also reviewed, focusing on how the timing of the toll increases could affect Debt Service Coverage and Rate Covenant calculations, debt issuance requirements, and future debt service.

The members discussed the various timing issues, and concluded that additional discussions should take place with the Chairman of the MDTA Board.

Update: ICC Opening and Facility Status

Jacquelyn Seneschal provided information on the ongoing activities to open the ICC in late 2010 or early 2011. No date has been set for the opening. ACS has nearly completed installation of the toll equipment and the electrical work continues to be a high priority. Due to the cold weather, some paving has not yet been completed. The service contracts for the MTA buses will be going to the Board of Public Works next week. The planning for the opening event has begun.

Update: Traffic and Revenue:

Ms. Sharpless and Randy Brown updated the Finance Committee on the revenue and transaction trends for the month ending November 30, 2010. Revenues for the month of November were \$25.4 million, up \$0.7 million from the previous year. Revenues for the fiscal year-to-date were \$137.3 million, up \$2.5 million from the previous year. Fiscal year-to-date revenues were \$4 million or 3% above the current Jacobs traffic and revenue forecast. Transactions for the month of November were 9.7 million, up 0.2 million from the previous year. Fiscal year-to-date transactions were 52 million, up 1.0 million from the previous year. Fiscal year-to-date transactions are 1.7 million or 3.4% above Jacobs traffic and revenue forecast.

There being no further business, the meeting of the Finance Committee was adjourned by general consensus at 12:00 p.m. following a motion by Ms. Hoblitzell and seconded by Mr. Lewin.

The next meeting of the Finance Committee is scheduled for Thursday, January 13, 2011 at 9:00 a.m. at the Point Breeze Headquarters, 2310 Broening Highway, Baltimore, Maryland.