

FINANCE COMMITTEE MONTHLY MEETING
THURSDAY, JUNE 9, 2011
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING: Louise P. Hoblitzell
Peter J. Basso
Mary Halsey
Richard C. Mike Lewin

STAFF ATTENDING: Randy Brown
Jay Ayd
David Chapin
Sandy Clifford
George Fish
Allen Garman
Doug Hutcheson
Jeannie Mariott
Deborah Sharpless
Dennis Simpson
Valerie Smith
Cheryl Sparks
Dorothea Summerville
Chris Thompson
Alison Williams

OTHERS ATTENDING: Fred Rappe – MD Dept. of Transportation

At 1:30 pm, Committee Chair Louise Hoblitzell called the meeting of the Finance Committee to order.

CLOSED SESSION:

At 1:35 pm, upon motion by Ms. Mary Halsey and seconded by Mr. Mike Lewin the Committee members unanimously voted to move into Closed Session pursuant to Section 10-508(a) (8) of the State Government Article, Annotated Code of Maryland to discuss negotiation relating to settlement of a potential claim relating to bonds, and under Section 10-508(a)(14) of the State Government Article to discuss negotiation with current operators of the I-95 Travel Plazas over the terms of the new “gap” contracts for continued operation of the Plazas.

At 1:50 pm. motion was made by Mr. Lewin and seconded by Mr. Jack Basso with the unanimous approval of the Committee members to return to Open Session.

APPROVAL: MEETING MINUTES – APRIL 14, 2011

Upon Motion by Mr. Basso and seconded by Mr. Lewin, the minutes of the April 14, 2011 Finance Committee were unanimously approved.

UPDATE: TOLL INCREASE AND PUBLIC HEARINGS

Ms. Hoblitzell commended Deb Sharpless, Dennis Simpson, Jackie Seneschal, David Chapin and all staff, for their hard work they put into this project.

Ms. Sharpless explained that staff is trying to gather the information the members requested when approving the toll proposal at the June 2, 2011 Authority meeting regarding the post usage discount program. Ms Sharpless indicated they would have the information for the July Finance Committee Meeting.

Ms. Cheryl Sparks informed the members that 1109 comments on the toll increase have been received to date. Ms. Halsey asked if the materials could include a chart showing the number of comments received that pertained to each facility. Ms. Sparks indicated she would determine if the reports could be modified.

Ms. Sparks then reviewed the format for the public hearings that will be taking place, beginning with the Montgomery County hearing tonight. Ms. Sparks explained the agenda, showed the educational video to be played at the hearings, and spoke about the Display Boards and Handouts and what was expected of the Authority Members in attendance.

RECOMMEND TO FULL AUTHORITY: FY 2012 FINAL OPERATING BUDGET

Christina Thompson presented the FY 2012 Operating Budget for approval. Ms. Thompson explained that we submit a preliminary budget in the fall and the Trust Agreement requires MDTA to approve a budget prior to July 1.

The proposed final Operating Budget is \$242.6 million, an increase of \$15.4 million over the FY 2011 budget. The increase is primarily the result of mandatory increases for retirees' health benefits and a one time State employee bonus, ICC and ETL operations expenses, and the transfer of \$13.5 million from the M&O Capital budget, which covers annual inspections, and real estate, maintenance and engineering services. These increases are partially offset by reductions in E-Z Pass service center costs and positions.

Ms. Hoblitzell and Mr. Basso commended Ms. Thompson for a job well done. Ms. Hoblitzell also asked about the Bay Bridge Walk. Mr. Brown said that the Walk is only being considered at this time. The members expressed concern on the possibility of spending money on a Bay Bridge Walk and requested notification prior to the expenditure of any funds.

Based on a motion by Mr. Lewin and seconded by Mr. Basso, the Committee unanimously voted to recommend approval of the FY 2012 budget by the MDTA Board at its next scheduled meeting.

RECOMMEND TO FULL AUTHORITY: FY 2012 – 2017 CONSOLIDATED TRANSPORTATION PROGRAM (CTP)

Dennis Simpson reviewed the proposed FY 2012-2017 draft CTP. The CTP consists of 248 projects and totals \$2.197 billion over the six-year period. The draft reflects an increase of \$28.3 million over the FY 2011-2016 final CTP despite rolling over \$203.0 million associated with unspent funds from FY 2011. Net of the rollover, the draft CTP would have decreased by \$174.7 million.

Based on a motion by Ms. Halsey and seconded by Mr. Lewin, the Committee members unanimously voted to recommend approval of the FY2012 – 2017 Consolidated Transportation Program (CTP) by the MDTA Board at its next scheduled meeting.

RECOMMEND FOR APPROVAL: FY 2012 FINANCIAL FORECAST

Mr. David Chapin presented the financial forecast which, if approved, would be submitted to the Legislature in July. The forecast is based on the Draft FY 2012 - 2017 CTP, the Final FY 2012 Operating Budget, and revenue forecast. The most significant changes from the forecast submitted to the Legislature in January 2011 include the reduction in concession revenues during the reconstruction period of the travel plazas, increase in operating budget (discussed above), and change in the Draft CTP (discussed above).

The forecast is presented in the same format as those previously submitted to the Legislature. Estimates of future toll increases are calculated on a biennial basis (FY 2012, FY 2014, etc.). Estimates are expressed as a system wide average per transaction figure (\$0.05 increments) needed to attain the MDTA's legal and policy financial requirements.

Based on a motion by Mr. Basso and seconded by Mr. Lewin, the Committee members unanimously voted to recommend approval of the FY 2012 Financial Forecast by the MDTA Board at its next scheduled meeting.

**RECOMMEND FOR APPROVAL: CONSULTING AND TECHNICAL SERVICES II
PROJECT MANAGEMENT RESOURCES**

Ms. Sandra Clifford presented a Change Order to an existing Task Order RFP. The objective of the Change Order is to acquire the services of two (2) additional qualified resources who will work with MDTA's Division of Information Technology, to perform Information Systems project management functions that are identical to those of the original Task Order. The Change Order shall not exceed \$1.4 million for the performance period of June 6, 2011 through May 31, 2014.

Based on a motion by Ms. Halsey and seconded by Mr. Basso, the Committee members unanimously voted to recommend approval of the Change Order to the Consulting and Technical Services II Project Management Resources contract by the MDTA Board at its next scheduled meeting.

**RECOMMEND FOR APPROVAL: ELECTRONIC TOLL COLLECTION SYSTEM
AND RELATED SERVICES**

Ms. Clifford asked for approval from the Finance Committee to request authorization to enter into an additional one year Intergovernmental Cooperative Purchasing Agreement (ICPA) with Kapsch TrafficCom IVHS (Kapsch) to procure transponders required to support E-ZPass Maryland operations from August 17, 2011 through August 16, 2012 and to propose this ICPA to the full MDTA Board for approval at its next scheduled meeting.

This one year ICPA will provide sufficient time for the E-ZPass Group to complete their procurement evaluation obligations and successfully award a new intergovernmental contract for the transponders. The MDTA expects to issue approximately 160,000 transponders during the one year period with an approximate payment of \$3,500,000 to the contractor.

Based on a motion by Mr. Basso and seconded by Mr. Lewin, the Committee members unanimously voted to recommend approval of the Intergovernmental Cooperative Purchasing Agreement with Kapsch TrafficCom IVHS by the MDTA Board at its next scheduled meeting.

RECOMMEND FOR APPROVAL: INVESTMENT BANKING RFP – 1 YEAR OPTION

Alison Williams recommended that a one year renewal option be exercised under the Investment Banking Request for Proposals (RFP), which created MDTA's team of bond underwriters. It has an initial three year term expiring on or about September 30, 2011. She explained that it would be advisable to have the underwriting team available in case a refunding

opportunity developed. The Authority's forecast does not call for a bond sale until late FY 2013 or early FY 2014.

Based on a motion by Mr. Basso and seconded by Mr. Lewin, the Committee members unanimously voted to recommend approval of the one-year option for the Investment Banking Request for Proposals by the MDTA Board at its next scheduled meeting.

UPDATE: TRAFFIC AND REVENUE

Ms. Sharpless explained that there are two months of reports for Traffic and Revenue. The report for the month ending April 30, 2011 indicated that System revenues for the month were \$26.7 million which is down \$0.4 million versus the previous year. The fiscal year-to-date system revenues were \$256.2 million, which is up \$4.2 million versus the previous year and the fiscal year-to-date system revenues are \$3.8 million, or 1.5% above the current Jacobs Base Case revenue forecast.

Traffic for this period showed system transactions were 10.1 million, which is down 0.1 million versus the previous year. Fiscal year-to-date system transactions were 98.2 million, which is up 2.2 million versus the previous year and the fiscal year-to-date system transactions are 2 million, or 2.1% above the current Jacobs Base Case transaction forecast.

The report for the month ending May 31, 2011 indicates that system revenues for the month were \$27.6 million, which is down \$0.4 million versus the previous year. Fiscal year-to-date system revenues were \$283.9 million, which is up \$3.8 million versus the previous year and the fiscal year-to-date system revenues are \$3.9 million, or 1.4% above the current Jacobs Base Case revenue forecast.

Traffic for this period shows system transactions for the month were 10.4 million, which is down 0.1 million versus the previous year. Fiscal year-to-date system transactions were 108.7million, which is up 2.1 million versus the previous year and the fiscal year-to-date system transactions are 2.1 million, or 2% above the current Jacobs Base Case transaction forecast.

Randolph Brown told the members that the Bay Bridge had a good holiday weekend and there were no incidents.

There being no further business, the meeting of the Finance Committee was adjourned by general consensus at 3:15 p.m. following a motion by Mr. Lewin and seconded by Mr. Basso.