

FINANCE COMMITTEE MONTHLY MEETING
Tuesday February 12, 2013
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING: Jack Basso
Mary Beyer Halsey
Arthur Hock via Telephone

STAFF ATTENDING: Harold Bartlett
Allen Garman
Jaclyn Hartman
Cheryl Lewis-Orr
Kimberly Millender, Esq.
Kitty Sarvinas
Deborah Sharpless
Dennis Simpson
Cheryl Sparks
Alison Williams

OTHERS ATTENDING: Chuck Gomer, First Vice President – Davenport (via Telephone)
Steven Kantor, Managing Director – First Southwest
Rick Petillo, Vice President – First Southwest
Jacquelyn Seneschal – Parsons Brinckerhoff
Jamie Traudt, Senior Vice President – Davenport

At 9:03 a.m., Member Jack Basso called the meeting of the Finance Committee to order.

At 9:04 Member Mary Halsey made a motion to elect Member Basso as Chairman of the MDTA Finance Committee. Member Art Hock seconded and both Members unanimously approved the motion.

Approval: Meeting Minutes – January 14, 2013

Upon motion by Member Halsey and seconded by Member Hock, the open and closed session minutes of the January 14, 2013 Finance Committee were unanimously approved.

Introduction of Financial Advisors

Allen Garman introduced the team from Davenport, including Jamie Traudt, Senior Vice President and Chuck Gomer, First Vice President. He then introduced the new team from First Southwest, including Steven Kantor, Managing Director and Rick Petillo, Vice President.

Recommend for Approval – Policy for Revenue Bonds

Ms. Alison Williams presented the Revenue Bonds Policy to the Finance Committee pursuant to a required annual review in order to recommend its continued approval to the MDTA Board. This Policy provides guidelines for MDTA executive management to follow in conducting bond sales and closings. It also addresses the process by which MDTA Board Approval is to be obtained.

No changes to the Policy were recommended at this time. Member Halsey motioned to approve the Policy and forward to the MDTA Board at its next scheduled meeting. Member Hock seconded the motion and it was unanimously approved.

Update – Cash Balances

Mr. Garman updated the Members of the Finance Committee on the actual capital spending and projected cash balances.

Capital spending for fiscal year-to-date through January totaled \$186.9 million, or 62%, of the spending projections based on the FY 2013 – FY2018 Final CTP. Fiscal year-to-date spending for the ICC, ETL and Other projects totaled 61%, 72% and 59% of the projections, respectively. The MDTA's aggregate cash balances available for capital spending fell by \$1.8 million in January

Based on the most recent capital expenditure projections and expectations for the timing of TIFIA draws, Series 2010 bond proceeds should conservatively support capital expenditures through March 2013. \$384 million has been drawn on the \$516 million TIFIA loan. MDTA intends to first spend down a portion of unrestricted cash and then draw the remaining \$132 million available under the loan in fiscal 2015.

For the next five months through fiscal year end 2013, average monthly capital spending is projected at \$48.3 million (based on a combination of the FY 2013 – FY2018 Final CTP and more refined projections for the ICC and ETL projects).

Update – Investment Report

The Investment Committee provided the quarterly investment report for the trailing period ended 12/31/12, detailing market conditions, portfolio strategies, total return performance, and trade allocations. Mr. Garman and Mr. Traudt explained the portfolios defensive positioning as a

percentage of the benchmark indices and the impact on relative performance during the falling rate environment of 2012.

The Finance Committee concurred with the Investment Committee's recommendation to increase the single-issuer commercial paper limit to \$20 million from \$10 million, which remains more restrictive than the Investment Policy limitation of 5% of the portfolio, or approximately \$40 million.

Member Halsey requested additional detail on total return performance attribution during the next quarterly presentation.

In response to the continual under spending of the capital program and its implications on investment maturities and structuring, Member Basso requested future discussion of investment opportunity cost associated with the shorter than necessary maturity structuring in a steep yield curve environment.

Update – ETL Opening

Ms. Jacquelyn Seneschal advised the Members of the issues and activities underway to support the opening of the I-95 Express Toll Lanes (ETL) Section 100. Ms. Seneschal provided the Members with an attachment which provides details of the status of the associated activities and major issues for the I-95 ETL. A final recommendation on the toll setting process and opening dates will be made at a future meeting.

Update – Legislative Issues

Mr. Harold Bartlett reported on House Bill 420 (MDTA's toll violation citation bill). Mr. Bartlett and Ms. Deborah Sharpless visited 17 out of 24 of the legislative committee members to discuss the bill and the committee members were favorable to the bill.

Senate Bill 93 would require a NEPA study for a third Bay Bridge crossing. The NEPA study would cost \$30-35 million with the possibility of no outcome. Mr. Bartlett suggested a life cycle cost analysis of the Bay Bridge be done instead, which would consider the amount of funds required to be invested over the course of the bridge's life cycle, along with the cost of extending the life of the bridge compared to the replacement cost.

Mr. Bartlett and Member Michael Whitson met with members of Congressman Steny Hoyer's staff regarding Federal funding for the replacement of the Nice Bridge. Member Basso said he was supposed to have attended the meeting, but was unable due to a schedule conflict. He plans to discuss this topic with the Congressman's staff as a follow-up.

Mr. Dennis Simpson gave a brief overview of other legislation that has been introduced that would have an impact on MDTA.

HB 198 introduced by Delegate Jon Cardin would require the MDTA to post all toll revenue information on our website. MDTA had already planned on adding this information to the website, so Delegate Cardin withdrew the Bill.

HB 223 would raise the speed limit to 70 miles per hour (MPH) on all interstate highways in Maryland and specifically raise the speed limit on the ICC to 70 MPH. MDTA opposed this bill.

There are two bills (HB 560 and HB 605) dealing with Public-Private Partnerships that have been introduced. MDTA is monitoring these bills. Member Basso requested electronic copies be sent to him.

SB 103 would require that MDTA create a special fund and contribute a percentage of tolls to cover road repairs in Harford and Cecil Counties. MDTA opposed this bill and it received an unfavorable vote in committee.

Update – Traffic and Revenue

Ms. Sharpless reported that the system revenues for the month of January were \$30.2 million, which is up \$0.5 million from the previous year. Revenues for the fiscal year-to-date were \$240.8 million, which is up \$40.7 million from the previous year. Fiscal year-to-date revenues were \$0.1 million above the current Jacobs Base Case revenue forecast.

Ms. Sharpless also reported that transactions for the month of January were 8.7 million, which is down 12,901 from the previous year. Fiscal year-to-date system transactions were 67.5 million, which is down 1.8 million from the previous year. Fiscal year-to-date system transactions are 0.1 million, or 0.2%, above the current Jacobs Base Case transaction forecast.

There being no further business, the meeting of the Finance Committee was adjourned by general consensus at 10:30 a.m., following a motion by Member Halsey, and seconded by Member Hock.