

FINANCE COMMITTEE MONTHLY MEETING
THURSDAY, March 15, 2012
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING:

Peter J. Basso
Mary Halsey
Arthur Hock

STAFF ATTENDING:

Harold Bartlett
Randy Brown
Brenda Cachuela
Joyce Diepold
Patrick Fleming
Allen Garman
Sherita Harrison, Esquire
Beverly Hill
Cheryl Jordan
Deborah Sharpless
Cheryl Sparks
Alison Williams

OTHERS ATTENDING:

David Fleming – MDOT

At 9:03 am, Committee Chairman Jack Basso called the meeting of the Finance Committee to order.

APPROVAL: MEETING MINUTES – February 9, 2012

Upon motion by Member Mary Halsey and seconded by Member Arthur Hock, the open and closed session minutes of the February 9, 2012 Finance Committee were unanimously approved.

CLOSED SESSION

At 9:07 am., following a motion by Member Mary Halsey and seconded by Member Arthur Hock, the Committee Members unanimously voted to move into Closed Session pursuant to Section 10-508 (a)(14) of the State Government Article of the Annotated Code of Maryland to discuss the specific contents and status of the draft of the pending request for proposals for the MDTA's solicitation of financial advisors. Public discussion or disclosure of the contents of the draft request for proposals for financial advisors would adversely impact the MDTA's ability to participate in the competitive bidding or proposal process. In attendance for the entire Closed Session were Members Halsey, Hock and Basso, Harold Bartlett, Randy Brown, Deborah Sharpless, Beverly Hill, Brenda Cachuela, Alison Williams, Sherita Harrison, Cheryl Sparks, and Cheryl Jordan.

At 9:20 a.m., a motion was made by Member Hock and seconded by Member Halsey, with the unanimous approval of the committee Members, to return to Open Session.

OPEN SESSION

RATIFICATION OF ACTION TAKEN DURING CLOSED SESSION

During the closed session, the Members and identified staff discussed the matter identified above. Upon motion by Member Halsey and seconded by Member Hock, the Members unanimously ratified the recommendation that the request for proposals for financial advisors be prepared and presented for approval by the full MDTA Board in when completed.

RECOMMENDED FOR APPROVAL: Contracts

(A) Ms. Beverly Hill presented to the Finance Committee a request to procure external auditing services from CliftonLarsonAllen and to seek the Committee's recommendation for approval by the full MDTA Board.

Services to be provided under this contract include annual financial statement audits, single audits (A-133), reports on controls for a service organization (SSAE 16), and other audits assigned by the contract manager. The term of the contract is three years, with a two-year renewal option. The not-to-exceed value of the contract is \$1,500,000 over a five-year period.

MDTA only received one proposal, so a best and final offer was requested. The contract has a 25% Minority Business Enterprise (MBE) goal that the contractor is meeting.

Upon motion by Member Hock and seconded by Member. Halsey, the Members recommended approval of this contract by the full MDTA Board at its next scheduled meeting.

(B) Ms. Beverly Hill presented to the Finance Committee a recommendation to procure Bloomberg Finance LLP (Bloomberg) investment services and to seek the Committee's recommendation for approval by the full MDTA Board. This is a sole source contract.

Bloomberg allows the automation of procedures for soliciting and accepting bids for investment purchases from a series of MDTA approved brokers. Bloomberg is the industry standard for securities trading, analytics, and market/economic data.

The existing contract is for one terminal and expires on May 10, 2012. The new contract will provide for three terminals and the required dedicated telecommunications line for two years from May 10, 2012 to May 10, 2014.

The rate for each terminal is \$1,805.00 per month, and the monthly fee of \$495.00 for the dedicated telecommunications line. The total amount of this contract shall not exceed \$142,140.00.

Upon motion by Member Arthur Hock and seconded by Member Halsey, the Members recommended approval of this contract by the full MDTA Board at its next scheduled meeting.

UPDATE: Budget Hearings

Ms. Deborah Sharpless updated the Finance Committee on the outcome of the MDTA's budget hearings in Annapolis. The MDTA's Department of Legislative Service (DLS) analyst presented an analysis of the MDTA. The MDTA was described as an agency that has "largely weathered the financial storm of the national recession and significant increases in its capital budget due to expansion projects, and has emerged on solid financial ground." This was due to implementing highly unpopular toll increases, constraining its operating budget spending, obtaining historically lower borrowing costs, and managing a capital program in excess of \$2.2 billion.

Issues that were raised by DLS included: discontinuation of \$6 million payment in lieu of federal funds; long-term solution to hairline cracks in certain ICC pier caps; MDTA's ability to recover video tolls; differences between current video tolling and violation processes and statute; use of AET at existing facilities; and converting I-95 to AET by placing overhead gantries to collect tolls at multiple points along the highway.

Ms. Sharpless reported that MDTA's testimony and responses to questions were well received.

UPDATE: Legislative Information

Mr. Patrick Fleming updated the Finance Committee on Senate Bill 820. The bill requires the MDTA to provide public notice regarding a proposal to increase tolls, fees or other charges. It also requires that the MDTA make the proposal available to the public and to receive comments from the public at the meeting at which the MDTA Board votes to implement the proposal. Mr. Fleming advised the committee of amendments to the bill. The bill is now in the Senate and the Second Reading of the bill passed with Amendments.

Mr. Randy Brown updated the Finance Committee on House Bill 1375. The bill seeks to clarify the procedures that the MDTA uses for the collection of unpaid tolls. Mr. Brown advised that a hearing is being held on March 16, 2012 concerning this bill. Similar language has also been introduced in BRFA, which was approved by the House on March 14.

UPDATE: BWI Series 2012 Bond Sale

Ms. Deborah Sharpless provided the Finance Committee with an update on the progress of the proposed refunding of the Series 2002A and 2002B Airport Parking Revenue Bonds and issuance of the new PFC Revenue Bonds to finance PFC projects at BWI/Thurgood Marshall Airport.

UPDATE: Travel Plaza

Mr. Harold Bartlett advised the Finance Committee on the Areas contract for the I-95 travel plazas. Mr. Bartlett reported that the Board of Public Works approved the contract by a vote of 2 to 1 (Comptroller Franchot voted against the contract). Additionally, Mr. Bartlett provided a brief update regarding the status of the lawsuit brought by HMSHost. Mr. Bartlett advised that MDTA followed proper procedures for the procurement of this contract. Areas is

proceeding with plans for the travel plaza and should begin the takeover of operations in mid-September.

***Mr. Basso left the meeting at 10 am., and Ms. Halsey took over as Chair of the meeting.

UPDATE: TRAFFIC AND REVENUE

Ms. Deborah Sharpless reported that the revenues from the fixed fee facilities for the month of February were \$28.7 million, which is up \$7.5 million from the previous year. Revenues for the fiscal year-to-date were \$228.9 million, which is up \$24.8 million from the previous year. Fiscal year-to-date revenues were \$2.1 million above or 0.9% above the current Jacobs' revenue forecast. Transactions for the month of February were 8.5 million, up 0.2 million from the previous year. This is the third consecutive month of growth at the fixed-fee facilities. Fiscal year-to-date system transactions were 77.8 million, down 0.5 million from the previous year. Fiscal year-to-date system transactions are 2.9 million or 3.9% above the current Jacobs transaction forecast.

Mr. Randy Brown provided a traffic update.

There being no further business, the meeting of the Finance Committee was adjourned by general consensus at 10:08 a.m.