

FINANCE COMMITTEE MONTHLY MEETING
THURSDAY, AUGUST 9, 2012
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING:

Peter Jack Basso
Mary Beyer Halsey
Arthur Hock

STAFF ATTENDING:

Harold Bartlett
Brenda Cachuela
George Fish
Allen Garman
Cheryl Jordan
Kimberly Millender, Esq.
Mike Rice
Kitty Sarvinas
Valerie Smith, Esq.

OTHERS ATTENDING:

David Fleming – MDOT
Barbara Fava – PFM
Jamie Traudt – Davenport (Via Telephone)

At 10:00 a.m., Committee Chairman Jack Basso called the meeting of the Finance Committee to order.

Approval: Meeting Minutes – July 18, 2012

Upon motion by Member Mary Beyer Halsey and seconded by Member Arthur Hock, the minutes of the July 18, 2012 Finance Committee were unanimously approved.

Recommend for Approval - Resolution No. 12-04 - Authorized Check Signers

Mr. Allen Garman presented proposed Authority Resolution No. 12-04, which would amend, update and replace Resolution 91-8 regarding the establishment of procedures for payment of MDTA obligations from its accounts, and the authority of certain officials and employees to sign MDTA checks. The new Resolution changes outdated language by incorporating a reference to the current Trust Agreement, correcting or eliminating Executive level position titles and providing more flexibility for check signing, while retaining the requirement for dual signatures on checks.

Mr. Basso asked if the Director of General Accounting could individually access MDTA accounts, and Ms. Brenda Cachuela advised that she could not. Mr. Hock asked if there was a hierarchy for approval. Ms. Cachuela stated that all computer checks have an electronic dual signature, but a check can be manually cut and would then require two manual signatures. Ms. Cachuela also advised that there is an invoice approval process in place. Mr. Garman noted that a Positive Pay file is sent to Bank of America advising them of check numbers and amounts.

Ms. Halsey made a motion that Resolution No. 12-04 be recommended for approval by the full MDTA Board. Mr. Hock seconded the motion and it was unanimously approved.

Recommend for Approval - Resolution No. 12-0 - Revisions to Authority Resolution 06-05

Mr. Harold Bartlett presented to the Finance Committee proposed Resolution No. 12-05, which would revise and supersede Authority Resolution 06-05. Current Authority Resolution 06-05 delegates from the MDTA Board to the Executive Secretary the ability to conduct certain business functions and approve certain documents related to procurement and other contracts. The proposed revisions in Resolution No. 12-05 would delegate from the MDTA Board to the Executive Secretary the additional authorization to approve the following functions and documents: railroad agreements that are necessary as part of an on going project that has been previously recommended by the Capital Committee and approved by the MDTA Board; license agreements to grant or acquire access to Geographic Information Systems (GIS) data; settlements of claims, liabilities or litigation in an amount not to exceed \$15,000; and application for and receipt of grants, aid, or contributions. In addition, proposed Resolution No. 12-05 grants the Executive Secretary the ability to sub-delegate any of the powers provided by the Resolution to a designee in writing; deletes certain reporting requirements; and supersedes Resolution Nos. 06-05 and 07-06.

Mr. Hock made a motion that MDTA Resolution 12-05 be recommended for approval by the MDTA Board. Ms. Halsey seconded the motion and it was unanimously approved.

Update – Cash Balances

Mr. Allen Garman reviewed the actual capital spending and projected cash balances. Mr. Garman advised that Capital spending for FY 2012 totaled \$493.5 million or 82% of the spending projections based on the Fiscal 2012-2017 CTP. He noted that over the prior three fiscal years, capital spending has ranged from 67% to 79% of projections. In July, capital spending totaled \$29.9 million or 71% of the monthly spending projection based on the Draft Fiscal 2013-2018 CTP. Spending for the ICC, ETLs and Other Projects totaled 44%, 66%, and 84% of projections, respectively. To date, \$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 the second half of 2013.

Update – Investment Report

The Investment Committee reported to the Finance Committee on the activities of the prior quarter. The Committee presented MDTA's investment strategies and performance, the market conditions, strategies for the last quarter, performance and adherence to the defined strategies and the strategies for the upcoming quarter. The Committee also reviewed recent purchases of SBA Pool Securities, the corporate commercial paper investment process, broker/dealer trade allocations, and accomplishments within the Treasury Management Unit. The members of the Finance Committee expressed their appreciation for the detailed report.

Update – Refunding Opportunity

Mr. Allen Garman updated the Finance Committee members on a potential debt refinancing opportunity for a portion of MDTA's Series 2004 bonds. Mr. Garman reviewed the complexity of the decision making process, and included various methodologies for determining optimal refunding timing as well as the recommended industry best practices and Debt Policy guidance.

Update – Travel Plazas

Mr. Harold Bartlett and Mr. George Fish updated the Finance Committee on the upcoming changes to the Travel Plazas on I-95, the Maryland House and Chesapeake House. On September 16, 2012, Areas U.S.A. will take over the operation of the Plazas under the terms of a public private partnership agreement with MDTA to redevelop these facilities. The Maryland House will close for renovations for reconstruction at midnight on September 15, 2012, and is scheduled for completion in Fall/Winter 2013. Once the Maryland House reopens, the Chesapeake House will close for renovations and will reopen in 2014. Mr. Bartlett advised that 156 current employees of Host have been interviewed and hired by Areas. Also, Areas will be providing employment workshops for those employees that chose not to interview or who were not hired. Ms. Halsey asked about plans to notify motorists using I-95 about the ongoing construction at the Plazas. Also, Mr. Hock asked if the temporary signage for the Travel Plazas would advise motorists of the reason for the closures. Mr. Fish indicated that staff is coordinating with the Division of Communications to notify the public of the closures.

Update – Financial Statements

Ms. Brenda Cachuela updated the Finance Committee on the upcoming Financial Statement Audit. CliftonLarsonAllen LLP has been selected as the auditor for this year. The auditors came in May to perform preliminary work and they will return the week of August 27th to begin the final review. Ms. Cachuela reported that the capital asset management system (BASSETS) is operational, which resolves a previous audit finding.

Update – Traffic and Revenue

Ms. Brenda Cachuela reported that the system revenues for the month of July were \$37.1 million, which is up \$8.1 million from the previous year. Revenues for the fiscal year-to-date were \$37.1 million, which is up \$8.1 million from the previous year. Fiscal year-to-date revenues were \$1 million or 2.6% below the current Jacobs' revenue forecast.

Ms. Cachuela also reported that transactions for the month of July were 10.5 million, which is down 0.4 million from the previous year. Fiscal year-to-date system transactions were 10.5 million, which is down 0.4 million from the previous year. Fiscal year-to-date system transactions are 0.3 million or 2.5% above the current Jacobs' transaction forecast.

There being no further business, the meeting of the Finance Committee was adjourned by general consensus at 11:26 a.m., following a motion by Ms. Halsey and seconded by Mr. Hock.