

FINANCE COMMITTEE MONTHLY MEETING
THURSDAY, MAY 10, 2012
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING:

Peter Jack Basso
Mary Beyer Halsey
Arthur Hock

STAFF ATTENDING:

Suhair Alkhatib
Randy Brown
Allen Garman
Thomas Gugel
Sherita Harrison, Esq.
Doug Hutcheson
Cheryl Jordan
Major Michael Kundrat
Dave LaBella
Jeanne Marriott
Deborah Sharpless
Dennis Simpson
Valerie Smith, Esq.
Cheryl Sparks
Rick Williams

OTHERS ATTENDING:

Chris Berger – PB
Barbara Fava – PFM
Steve Parker – GEC
Fred Rappe – MDOT
Jamie Traudt – Davenport (via phone)

At 8:34 a.m., Committee Chairman Jack Basso called the meeting of the Finance Committee to order.

APPROVAL: MEETING MINUTES – April 12, 2012

Upon motion by Member Mary Beyer Halsey and seconded by Member Arthur Hock, the minutes of the April 12, 2012 Finance Committee were unanimously approved.

UPDATE: Investment Report

Allen Garman and Barbara Fava provided the Investment Report. Mr. Garman reviewed 3Q FY 12 investment activities. The presentation included reviews of bond market and economic conditions, the trailing quarter's strategy and total return performance relative to benchmark indices, targeted fourth quarter strategy, and adherence to investment policy constraints.

Ms. Fava reviewed the unrestricted funds performance. All accounts are close to the benchmarks. The performance has been consistent with the benchmarks and strategy. She also reviewed the debt service reserve funds performance. She advised that the performance for the debt service reserve funds varies depending on the accounts, but they have been consistent on performance and meeting the benchmarks.

Mr. Garman also discussed the progress toward investing in Small Business Administration (SBA) Pool Securities, highlighting the scarcity of short-term structures in the secondary market and the potential benefit from an expansion of dealer coverage.

Mr. Garman advised the Finance Committee of a change to the Investment Committee Charter to include the Deputy Executive Secretary as a voting member.

UPDATE: System Preservation Projects

Mr. Doug Hutcheson informed the Finance Committee that this presentation consists of the Quarterly Report that was provided to the Capital Committee. The Capital Committee requested that this information be presented to the Finance Committee.

Mr. Dave LaBella updated the Finance Committee on the status of the Maryland Transportation Authority's (MDTA's) Priority Preservation Projects. The System Preservation Project Team manages the many projects through the study, design, and procurement process according to the established program milestone schedule. Mr. LaBella's presentation included a discussion of the status of the system preservation projects, as well as the financial aspects of the program. He reported that almost 40 projects are under construction; i.e., design phase or procurement phase.

Mr. Steve Parker of the GEC updated the Finance Committee on the various projects currently underway.

Mr. Chris Berger of PB updated the Finance Committee on the System Preservation Program from November 2009 to February 2012 and the financial expenditures to date.

UPDATE: Preliminary Draft FY 2013-2018 Consolidated Transportation Program (CTP)

Mr. Suhair Alkhatib provided information to the Finance Committee concerning the Preliminary Draft FY 2013-2018 CTP that will be presented to the full MDTA Board on June 28, 2012.

Mr. Alkhatib advised that 31 new projects have been added to the CTP for a total of \$42.5 million that was funded from the CTP reserve, and 17 projects have been completed or deleted for a budget reduction of \$40.1 million that was transferred to the CTP reserve. He stated that \$69.9 million was transferred from the CTP reserve to fund the construction phase of 11 projects as design reached 60% design level. Six construction contracts came in lower than the Engineer's Estimate, while five construction contracts came in higher than the Engineer's estimate, resulting in a net budget reduction of \$1.6 million. Mr. Alkhatib advised that a total of \$38.8 million was transferred from the CTP to the operating budget.

UPDATE: Extra Work Authorization (EWA) Financial Consultants

Ms. Deborah Sharpless informed the Finance Committee of a request for an Extra Work Authorization (EWA) for SC&H, a consulting firm that has been working on procedures and capital assets for the Finance Division. The original contract will be expended by the end of June. This is the second (2nd) Extra Work Authorization for this contract. The total original contract amount was \$2.5 million. Ms. Sharpless will be requesting an Extra Work Authorization in the amount of \$500,000.

CLOSED SESSION

At 9:30 a.m., following a motion by Member Halsey and seconded by Member Hock, the Committee Members unanimously voted to move into Closed Session pursuant to Section 10-508 (a)(10) of the State Government Article of the Annotated Code of Maryland to discuss MDTA security initiatives including the deployment of police services, staff and resources at particular locations within MDTA property; existing emergency plans; existing security policies and procedures; training; and intelligence resources for MDTA facilities and structures. The following persons were present during the Closed Session: Members Basso, Halsey and Hock, Randy Brown, Thomas Gugel, Sherita Harrison, Esq., Doug Hutcheson, Cheryl Jordan, Major

Michael Kundrat, Deborah Sharpless, Valerie Smith, Esq., Cheryl Sparks, Rick Williams, and Fred Rappe of MDOT.

The Members and MDTA discussed MDTA's Security Initiatives, but no action was taken on the matter.

At 10:15 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.

***Member Basso left the meeting at 10:16 a.m., and Member Halsey chaired the remainder of the meeting.*

UPDATE: TRAFFIC AND REVENUE

Ms. Sharpless reported that the revenues for the month of April were \$34.8 million, which is up \$8.1 million from the previous year. Revenues for the fiscal year-to-date were \$298.2 million, which is up \$42.0 million from the previous year. Fiscal year-to-date revenues were \$3.7 million above or 1.3% above the current Jacobs' revenue forecast.

Mr. Gugel reported that transactions for the month of April were 9.9 million which were down 0.3 million from the previous year. Fiscal year-to-date system transactions were 97.4 million which were down 0.9 million from the previous year. Fiscal year-to-date system transactions are 4.2 million or 4.6% above the current Jacobs' transaction forecast.

There being no further business, the meeting of the Finance Committee was adjourned by general consensus at 10:21 a.m.



MARYLAND TRANSPORTATION AUTHORITY FINANCE COMMITTEE

STATEMENT FOR CLOSING A MEETING

LOCATION: Maryland Transportation Authority
Point Breeze Headquarters Building
2310 Broening Highway.
Baltimore, Maryland 21224

DATE: May 10, 2012

TIME: 8:30 a.m.

MOTION BY: [Signature]

SECONDED BY: [Signature]

VOTE TO CLOSE SESSION:

Table with 4 columns: AYE, NAY, ABSTAIN, ABSENT. Rows for Peter Jack Basso, Mary Beyer Halsey, and Arthur Hock.

STATUTORY AUTHORITY TO CLOSE SESSION
STATE GOVERNMENT ARTICLE, §10-508(a)

- (1) [] To discuss:
(i) the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or
(ii) any other personnel matter that affects 1 or more specific individuals.
(2) [] To protect the privacy or reputation of individuals with respect to a matter that is not related to public business.
(3) [] To consider the acquisition of real property for a public purpose and matters directly related thereto.
(4) [] To consider a matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State.
(5) [] To consider the investment of public funds.
(6) [] To consider the marketing of public securities.
(7) [] To consult with counsel to obtain legal advice.
(8) [] To consult with staff, consultants, or other individuals about pending or potential litigation.

STATEMENT FOR CLOSING A MEETING

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- (9) [] To conduct collective bargaining negotiations or consider matters that relate to the negotiations.
- (10) [X] To discuss public security, if the public body determines that public discussion would constitute a risk to the public or to public security, including:
 - (i) the deployment of fire and police services and staff; and
 - (ii) the development and implementation of emergency plans.
- (11) [] To prepare, administer, or grade a scholastic, licensing, or qualifying examination.
- (12) [] To conduct or discuss an investigative proceeding on actual or possible criminal conduct.
- (13) [] To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.
- (14) [] Before a contract is awarded or bids are opened, discuss a matter directly related to a negotiating strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.

TOPICS TO BE DISCUSSED:

The meeting will be closed under Section 10-508(a)(10) of the State Government Article of the Annotated Code of Maryland to discuss MDTA security initiatives including the deployment of police services, staff and resources at particular locations within MDTA property; existing emergency plans; existing security policies and procedures; training; and intelligence resources for MDTA facilities and structures.

REASON FOR CLOSING:

To discuss matters permitted by statute to be discussed during a closed session of a meeting of a public body.



PRESIDING OFFICER