

FINANCE COMMITTEE MONTHLY MEETING
TUESDAY, JULY 19, 2016
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING: Jack Basso
Randall Nixon, Esq.
John Von Paris

STAFF ATTENDING: Milt Chaffee
Percy Dangerfield
Ricky DeGraffenreid
Donna DiCerbo
Trudy Edwards
David Greene
Michelle Gross
Jaclyn Hartman
Sherita Harrison, Esq.
Cheryl Jordan
Heather Koeberle
Cheryl Lewis-Orr
Mike Rice
Deb Sharpless
Dennis Simpson
Cheryl Sparks
Alison Williams

OTHERS ATTENDING: Steven Kantor – First Southwest/Hilltop
Jamie Traudt – Davenport

Member Basso introduced Member John Von Paris to the Finance Committee.

At 9:00 a.m., Member Basso, Chair of the Finance Committee, called the Finance Committee Meeting to order.

Approval – Open Meeting Minutes from June 14, 2016 Meeting

Member Basso called for the approval of the open meeting minutes from the meeting held on June 14, 2016. Member Randall Nixon, Esq. made the motion; Member Von Paris seconded the motion, and the motion passed unanimously.

Approval – Contract No. 20140012B – HVAC Maintenance and Repairs MDTA Facilities – Northern and Central Region

Ms. Heather Koeberle requested a recommended approval from the Finance Committee to present a contract modification for Contract No. 20140012B, HVAC Maintenance and Repairs MDTA Facilities – Northern and Central Region, to the full MDTA Board at its next scheduled meeting. Approval of this contract modification is contingent upon the approval of the Board of Public Works (BPW).

During the course of this contract, the MDTA has experienced a significant amount of unexpected emergencies and repairs. The total base contract value is \$876,203. As of June 27, 2016, there were \$751,157 expended funds on the contract. The contract modification would provide an increase to the base term of \$100,000 for repair services, for a modified contract value of \$976,203.

The MDTA does not intend to renew this contract upon base term expiration, but instead will re-compete these services in the hope of obtaining better pricing given the increased utilization of these services.

Member Nixon expressed concern about the higher than expected costs. Ms. Koeberle noted the frequency and cost of repairs has been higher than expected and noted that some equipment is nearing the end of its useful life, which has increased the need for repairs. Mr. Milt Chaffee advised that MDTA is taking steps to ensure that work completed is satisfactory and reviewed by MDTA personnel. Member Basso stated that while it is good that MDTA is working toward securing a new contract for these services, it would have been ideal if that need was recognized before a contract increase was required. Member Basso noted that despite these concerns, the contract modification is necessary to ensure the safety of MDTA employees who work in buildings with HVAC outages.

Member Basso called for a motion to recommend approval of this item to the full MDTA Board at its next scheduled meeting. Member Nixon made the motion, and Member Von Paris seconded the motion, which was unanimously approved.

*** Member Basso recused himself from the next item and Member Nixon became Acting Chair. Member Basso left the meeting at 9:08 am.

Approval – Contract No. 20150005 A and B – Transportation Consultant Services

Mr. David Greene requested a recommended approval from the Finance Committee to present Contract No. 20150005 A and B, Transportation Consultant Services, to the full MDTA Board at its next scheduled meeting. Approval of this contract is contingent upon approval by the BPW.

MDTA solicited competitive sealed proposals for an indefinite quantity contract with firm fixed unit prices. MDTA reserved the right to award up to two contracts for the required services. Four proposals were received. The Evaluation Committee reviewed the technical proposals and all offerors were determined to be reasonably susceptible of being selected for award. Upon completion and ranking of all technical proposals, price proposals were opened and ranked. A financial best and final offer was requested from all offerors.

Upon completion and ranking of all technical and price proposals, the Evaluation Committee unanimously recommended that the first award be made to WSP Parsons Brinckerhoff, Inc., and the second award be made to Momentum, Inc., as they represent the best values to the State.

The Contract has a base term of three years valued at \$3,000,000.00 with one, two-year renewal option valued at \$2,000,000.00 for a total contract term of five years and total not-to-exceed amount of \$5,000,000.00. The Contract includes a 20% Minority Business Enterprise goal and 0.5% Veteran-Owned Small Business Enterprise goal. Both firms met those goals. MDTA will seek approval by BPW on August 17, 2016. Notice-to-proceed for the contract is anticipated in September 2016.

Member Nixon inquired whether these companies had done work for MDTA in the past. Mr. Greene advised that Parsons Brinckerhoff has satisfactorily completed work for MDTA several times in the past and is currently on contract with MDTA and that Momentum, Inc. has completed work for other State agencies. Mr. Percy Dangerfield added that Momentum, Inc. worked with MDTA's IT Division on a project, and Ms. Donna DiCerbo noted that Momentum, Inc. is a certified small business.

Member Nixon called for a motion to recommend approval of this item to the full MDTA Board at the next scheduled meeting. Member Von Paris made the motion, and Member Nixon seconded the motion, which was unanimously approved.

*** Member Basso rejoined the meeting at 9:13 am as Chairman.

Update – Regulatory Framework for Municipal Advisors

Ms. Jaclyn Hartman introduced Mr. Jamie Traudt from Davenport & Company and Mr. Steven Kantor from First Southwest, a division of Hilltop Securities. Mr. Traudt and Mr. Kantor provided a brief overview of changes to the regulatory framework for municipal advisors. In response to the Great Recession, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law in 2010, bringing the most significant changes to financial regulation in the United States since the regulatory reform following the Great Depression. Since that time, additional rules implemented by the Securities and Exchange Commission and the Municipal Securities Rulemaking Board have made further changes to financial regulation. These changes impact financial advisors and place additional requirements and responsibilities on financial advisors. MDTA's financial advisors have complied with all additional requirements.

Update – Quarterly Update on the Finance Division

Ms. Hartman provided a quarterly update on the status of the Finance Division's workload, vacancies, and goals. Ms. Hartman noted that MDTA's fiscal year end closed on June 30 and the Finance Division has begun the process of closing out the fiscal year and preparing for the annual financial audit. In addition, a comprehensive audit conducted every three years by the Office of Legislative Audits is also underway. In fiscal 2016, the Finance Division substantially completed all of its goals; however, work remains in fiscal 2017 to fully implement some of these goals. In addition to continuing work on succession development strategies and contract manager training, the Finance Division intends to start work on automating its budget system and reviewing the process for reviewing and paying invoices to identify potential time-savings and efficiencies.

Member Basso commended staff on their continued hard work and improvements.

Update – Bay Bridge Update

Mr. Ricky DeGraffenreid provided an update on activities at the Bay Bridge. Traffic on the Bay Bridge remains comparable to recent years and staff continues to work closely with communities impacted by Bay Bridge travel. Mr. Dennis Simpson briefed the Committee on some possible future traffic and environmental studies for the Bay Bridge.

Update – Traffic and Revenue

Ms. Cheryl Lewis-Orr noted that system-wide toll revenues for the month ending June 30, 2016, were \$58.7 million, which is down \$1.9 million, or 3.1%, from the previous year. Fiscal year-to-date system-wide toll revenues were \$653.2 million, which is down \$3.6 million, or 0.5%, from the previous year. When comparing fiscal year-to-date system-wide toll revenues to the Base Case revenue forecast, system-wide toll revenues exceed the forecast by \$25.5 million, or 4.1%.

System-wide transactions for the month ending June 30, 2016, were 14.3 million, which is up 1.3 million, or 10.0%, from the previous year. Fiscal year-to-date system-wide transactions were 160.2 million, which is up 15.8 million, or 10.9%, from the previous year. When comparing fiscal year-to-date system-wide transactions to the Base Case transaction forecast, system-wide transactions exceed the forecast by 11.7 million, or 7.9%.

There being no further business, the meeting of the Finance Committee adjourned at 10:17 a.m., following a motion by Member Nixon and seconded by Member Von Paris.