

FINANCE COMMITTEE MONTHLY MEETING
WEDNESDAY, JANUARY 20, 2016
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING: Jack Basso (via phone)
Rev. Dr. William Calhoun, Sr. (via phone)
Michael Leahy, Esq. (via phone)
Randall Nixon, Esq.

STAFF ATTENDING: Milt Chaffee
David Chapin
Percy Dangerfield
Joyce Diepold
Allen Garman
David Goldsborough
Valencia Hainesworth
Sherita Harrison, Esq.
Jaclyn Hartman
Col. Jerry Jones
Cheryl Jordan
Kelly Melhem
Jessica Mettle
Cheryl Lewis-Orr
Chris Thompson
Paul Truntich
Alison Williams

At 9:03 a.m., Member Randall Nixon, Acting Chair of the Finance Committee, called the Finance Committee Meeting to order.

Prior to the start of the agenda, Ms. Jaclyn Hartman advised the Members that the recommended approval of Contract MT 3032 – HVAC Automated Temperature Control Maintenance was being pulled from the agenda because it does not require MDTA Board approval since the contract value is under \$200,000.

Approval – Open Meeting Minutes from December 8, 2015 Meeting

Member Nixon called for the approval of the meeting minutes from the meeting held on December 8, 2015. Member Jack Basso made the motion, Member William Calhoun seconded the motion; and the motion was passed unanimously.

Approval – Contract MT 3035 – Sweeper Dirt Disposal Authority-wide

Mr. Paul Truntich requested a recommended approval from the Finance Committee to present Contract MT 3035, Sweeper Dirt Disposal Authority-wide, to the full MDTA Board at its next scheduled meeting.

This is a fixed-price Contract for the disposal of the waste materials generated through routine road sweeping operations at and around various MDTA facilities. There were no Minority Business Enterprise (MBE) or Veteran Small Business Enterprise (VSBE) participation goals or Small Business Reserve (SBR) designation established for this contract.

One bid was received and the lowest responsive and responsible bidder, Clean Venture Inc., was selected for award. The contract has a base term of three years valued at \$360,000 with one two-year renewal option valued at \$240,000, for a total Contract term of five years and total not-to-exceed contract value of \$600,000. Contingent upon approval by the MDTA Board, MDTA will seek approval by the Board of Public Works in February 2016.

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

Approval – Preparation of Financial Forecast Policy

Mr. David Chapin requested a recommended approval from the Finance Committee to the full MDTA Board of changes to the Board Policy on Preparation of Financial Forecast.

Mr. Chapin reviewed the recommended changes to the Policy, that include removing the ratio of cash on hand to annual toll revenue from the Forecast Summary Sheet, since the ratio is no longer an officially adopted standard of MDTA, and adding language related to the Budget Reconciliation and Financing Act of 2015 (BRFA 2015). The BRFA 2015 established additional financial measure standards that MDTA must meet through fiscal 2020. MDTA has complied with all of these provisions.

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

Approval – Investment Policy

Mr. Allen Garman requested a recommended approval from the Finance Committee to the full MDTA Board for the annual review of the Board's Investment Policy.

The Investment Policy establishes the framework for which the investment of MDTA funds may take place, including the types and lengths of investments in MDTA's portfolio. MDTA staff and financial advisors reviewed the policy and recommend no changes at this time.

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

Update – 2nd Quarter Budget Comparison

Ms. Chris Thompson provided an update on actual versus budgeted spending through December 31, 2015. As of that date, 42% of the budget had been spent as compared to the targeted spending level of 44%. MS. Thompson noted that the timing of certain expenditures and the mild winter were contributing to the slight underspending.

Member Basso noted that overall the budget remains on target and there appears to be no issues.

Update – Annual Update on Conduit Debt Financing

Ms. Alison Williams provided the Finance Committee with an update on outstanding conduit debt issued by MDTA on behalf of others. This includes Grant and Revenue Anticipation (GARVEE) Bonds, Lease Revenue Refunding Bonds for the Washington Metropolitan Area Transit Authority (WMATA), and Revenue Bonds for the Maryland Aviation Administration (MAA). Ms. Williams advised that all bonds had stable ratings, sufficient reserves, and strong coverage.

Update – Video Toll and Citation Program

Ms. Jaelyn Hartman updated the Finance Committee on the issues and activities underway to support the implementation of the video toll and citation process approved in Chapter 113 of 2013. Ms. Hartman advised that much of the work to implement the video tolling and citation program was now complete and that this may be the last monthly update. MDTA continues the process of referring unpaid citations to the Maryland Motor Vehicle Administration and State's Central Collection unit. Member Calhoun asked what obstacles remain for implementation. Ms. Hartman noted there is still a challenge in some counties to get the necessary docket time to resolve the outstanding backlog. Mr. Milt Chaffee noted that he continues to meet with court officials to work through this issue.

Update – Traffic and Revenue

Ms. Cheryl Lewis-Orr noted that system-wide toll revenues for the month ending December 31, 2015, were \$52.3 million, which is down \$1.5 million, or 2.8%, from the previous year. Fiscal year-to-date system-wide toll revenues were \$333.7 million, which is up \$1.5 million, or 0.4%, from the previous year. When comparing fiscal year-to-date system-wide toll revenues to the Base Case revenue forecast, system-wide toll revenues exceeded the forecast by \$12.0 million, or 3.7%.

System-wide transactions for the month ending December 31, 2015, were 13.1 million, which is up 1.1 million, or 9.4%, from the previous year. Fiscal year-to-date system-wide transactions were 81.5 million, which is up 9.6 million, or 13.4%, from the previous year. When comparing fiscal year-to-date system-wide transactions to the Base Case transaction forecast, system-wide transactions exceeded the forecast by 5.6 million, or 7.3%.

Approval – Collective Bargaining Agreement – FOP 34

Ms. Hartman requested a recommendation for approval from the Finance Committee to the full MDTA Board for a collective bargaining agreement reached between the State and the Fraternal Order of Police Lodge #34 (FOP). Ms. Hartman stated that the final agreed upon package is a three year agreement effective July 1, 2016 through June 30, 2019.

The package includes: a 2% cost-of-living (COLA) increase for all bargaining unit members effective January 1, 2017; a one-step increase for all bargaining unit members effective January 1, 2017; two restorative steps for certain employees that were employed by the MDTA Police on certain dates; all bargaining unit members moved to a January increment scale; elimination of the Wellness surcharge for calendar year 2016; continued waiver of co-pays for visits to primary care doctors for calendar year 2016 (for those who completed required Wellness activities in calendar year 2015); language regarding the payment of Holiday Incentive Pay and the establishment of committees to discuss sick leave and on-call issues; and limited economic reopeners in fiscal years 2018 and 2019 to discuss receiving additional benefits that are granted to all State employees. The fully implemented annual cost of this package is \$3.9 million.

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

Closed Session

At 9:55 a.m., upon motion by Member Leahy and seconded by Member Basso, the Members voted unanimously to move into Closed Session under § 3-305(b)(1)(i) and (ii) of the General Provisions Article of the Annotated Code of Maryland, to discuss matters related to the compensation and benefits packages for certain MDTA Police command staff.

Member Nixon was in attendance in person and Members Basso, Calhoun and Leahy were in attendance by phone for the Closed Session. The following staff was present during the closed session: Milt Chaffee; Percy Dangerfield; Sherita Harrison, Esq.; Jaclyn Hartman; and Colonel Jerry Jones.

At 10:03 a.m., a motion was made by Member Leahy and seconded by Member Calhoun, which was unanimously approved, to adjourn the Closed Session and return to Open Session.

Open Session

Ratification of Action Taken During Closed Session – Compensation and Benefits Package for Command Staff

Upon motion by Member Calhoun and seconded by Member Basso, the Members ratified their unanimous vote in Closed Session to recommend approval by the MDTA Board to extend the same benefits package to MDTA Police command staff that was negotiated with the FOP.

Update

Ms. Hartman noted that over the weekend, MDTA's financial accounting software, Dynamics, was upgraded to the 2015 version. The upgrade went smoothly with only a few minor issues that are being addressed. Ms. Hartman thanked MDTA's Information Technology Division for their assistance on the project.

There being no further business, the meeting of the Finance Committee adjourned at 10:05 a.m., following a motion by Member Basso and seconded by Member Leahy.