

FINANCE COMMITTEE MONTHLY MEETING
MONDAY, MAY 9, 2016
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

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

STAFF ATTENDING: Yaw Berkoh
Donna DiCerbo
Joyce Diepold
Dave Dikes
Allen Garman
David Goldsborough
Chantelle Green, Esq.
David K. Greene
Steve Gwiazdowski
Jaclyn Hartman
Sherita Harrison, Esq.
Meshelle Howard
Cheryl Jordan
Miles Kress
Shawn Schmelzer
Deb Sharpless
Cheryl Sparks

OTHERS ATTENDING: Chuck Gomer – Davenport (via phone)
Greg Warner – Hilltop Securities, formerly First
Southwest (via phone)

At 9:03 a.m., Member Jack Basso, Chair of the Finance Committee, called the Finance Committee Meeting to order.

Approval – Open Meeting Minutes from April 12, 2016 Meeting

Member Basso called for the approval of the open meeting minutes from the meeting held on April 12, 2016. Member Randall Nixon, Esq. made the motion. Member Michael Leahy, Esq. seconded the motion, and the motion was passed unanimously.

Approval – Contract No. J01B6400003 – DYNAC Traffic Control System Software Maintenance and Service Plan

Mr. Dave Dikes requested a recommended approval from the Finance Committee to present Sole Source Contract No. J01B6400003 with Kapsch TrafficCom USA (Kapsch) to the full MDTA Board at its next scheduled meeting. Approval of this contract is contingent upon the approval of the Board of Public Works.

This Contract will provide preventive and corrective software maintenance support for a term of five (5) years. The total value of this Contract shall not exceed \$5,182,510.00, which includes a fixed price \$483,716 DYNAC® software/hardware upgrade to convert the MDTA's existing configuration and graphics to DYNAC ES Version 14 and a not-to-exceed amount of approximately \$3.9 million for corrective maintenance.

The existing Sole Source Contract No. 20120008 expires on July 30, 2016. Due to the proprietary software, only certified technicians from Kapsch can provide maintenance and upkeep of the current system. Purchase of an alternate product could result in compatibility issues or a failure of the existing system. Without maintenance, the existing systems will deteriorate and negatively affect MDTA operations.

Member Basso noted that the contract meets the Sole Source criteria and that proper due diligence was followed. He noted that some contingency should be considered in case the company was to cease operations. Ms. Deb Sharpless noted that Kapsch is a large company and is the only vendor that provides this proprietary system, and it would be more costly to replace the whole system than to keep the current system properly maintained. Member Leahy asked about MDTA's access to the source code. Mr. Dikes advised that MDTA has access to its own customized source code but not the entire system.

Ms. Donna DiCerbo advised that the terms and conditions of the Contract are still being negotiated at this time and requested a contingent approval of the contract until those negotiations are complete.

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

Approval – Contract No. SV 3007-0000 – MDTA Third-Party Environmental Compliance Audits

Mr. Shawn Schmelzer requested a recommended approval from the Finance Committee to present Contract No. SV 3007-0000, MDTA Third-Party Environmental Compliance Audits, to the full MDTA Board at its next scheduled meeting. Approval of this contract is contingent upon the approval of the Board of Public Works.

MDTA solicited Competitive Sealed Proposals for these professional services. Three proposals were received, and SEMCAS ranked first technically and financially and is therefore recommended for award. The Contract was designated as a Small Business Reserve (SBR) Procurement, with no Minority Business Enterprise (MBE) or Veteran Owned Small Business Enterprise (VSBE) goals established. The Contract has a term of three (3) years valued at \$203,265.00, with one three-year renewal option valued at \$210,960.00, for a total contract term of six (6) years in the amount of \$414,225.00. Notice-to-proceed for this Contract is anticipated in July 2016.

Ms. DiCerbo requested that the recommended approval be contingent, because the 7 day briefing period is not complete.

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

Approval – Contract No. SV 3013-0000 – Bloomberg Investment Services

Mr. Allen Garman requested a recommended approval from the Finance Committee to present Contract No. SV 3013-0000, Bloomberg Finances, L.P. to the full MDTA Board at its next scheduled meeting. Approval of this contract is contingent upon the approval of the Board of Public Works.

The existing Sole Source Contract No. 20140023 expires on July 10, 2016. The new Contract will provide for two licenses plus terminals and the required T1 dedicated telecommunications line. The Contract has a term of two years valued at \$106,920.00 with two two-year renewal options valued at \$235,483.76, for a total contract term of six years, with a not-to-exceed contract value of \$342,403.76. Notice-to-Proceed for this Contract is anticipated for July 2016.

Member Basso noted that the Bloomberg services are an important tool in managing MDTA's investments and called for a motion to recommend approval of this item to the full MDTA Board at the next scheduled meeting. Member Leahy made the motion, and Member Nixon seconded the motion, which was unanimously approved.

** Member Rev. Dr. William Calhoun, Sr. joined the meeting at 9:17 a.m.

Informational Item – Contract No. J01B6400029 – NetApp Hardware, Installation and Extended Warranties

Mr. Steve Gwiazdowski briefed the Finance Committee on Contract No. J01B6400029 for NetApp Hardware, Installation and Extended Warranties. This Contract was procured by MDTA

under the Maryland Department of Information Technology (DoIT) Statewide Master Hardware 2012 Contract No. 060B2490022. In accordance with standard practice, since only a single bid was received and the contract is over \$1,000,000, the contract is presented to the Finance Committee as an information item.

MDTA has no delegated authority to procure information technology goods or related services. DoIT is the primary procurement unit responsible for the review, approval and oversight of non-delegated IT procurements. DoIT issued the Hardware 2012 Master Contract to enable State government to procure servers, associated peripherals and associated services in a timely and economical manner. Through the Hardware 2012 Contract, the State has a flexible means of obtaining this equipment and services quickly, efficiently and cost effectively by issuing Purchase Order Request for Proposals (PORFP) to a list of pre-qualified Master Contractors specific to its needs.

The solicitation was advertised as a PORFP with no MBE or VSBE participation goals, and no SBR designation. The solicitation was designated as Small Business Preference eligible. Direct solicitation by the MDTA Procurement Officer was conducted under Functional Areas I (Servers/Associated Peripherals), IV (Installation/Training) and V (Manufacturer's Extended Warranty) to all approved Master Contractors via electronic correspondence to nine firms. One proposal was received. Gantech, Inc. was selected for award. The contract includes the provision and installation of NetApp Data Center Storage and Storage Controllers and NetApp SupportEdge Premium maintenance and support and applicable software support for a term of sixty months. The total value of the contract is \$1,578,735.90.

MDTA will seek approval by DoIT to approve the contract. Notice-to-proceed for the contract is anticipated for June 2016.

Member Basso noted that a sole bid was received and suggested expanding the distribution to receive more bids. Ms. DiCerbo advised that this a release form a Statewide contract and distribution may only be sent to those eligible vendors. Member Leahy questioned if there is the ability to use an outside vendor. Ms. DiCerbo noted that if a Statewide contract is available, then agencies must utilize the State contract.

Update – Maryland House Mural Scene Panel Transfer

Mr. David K. Greene updated the Finance Committee on the request for Board of Public Works approval to transfer the former Maryland House Travel Plaza mural scene panel depicting Andrew Ellicott and Benjamin Banneker in front of a map of D.C. to the Banneker Douglas Museum.

Ms. Sharpless provided background information concerning the murals at the original Maryland House Travel Plaza. In 1966, the State Roads Commission, predecessor to MDTA, contracted with Gladieux Corporation to make decorative improvements to the Maryland House. Pennsylvania artist, William A. Smith, was commissioned to create several murals for the Travel

Plaza. Depicting significant individuals and events of Maryland and U.S. history, the murals were installed in the lobby of the Maryland House on April 2, 1968. Since the renovation of the Maryland House, MDTA staff has attempted to identify proper homes for the murals.

Mr. Greene noted that because of the Visual Rights Act of 1990, the artists or their surviving family members retain the rights for these murals. Thus, MDTA is working with the family concerning these rights. He stated that the Banneker Douglas Museum is the State of Maryland's official museum of African American heritage. The museum has identified and requested the mural section with the intent to include it as part of a new permanent exhibition on Benjamin Banneker and Frederick Douglass.

Member Basso stated that these murals are historically significant pieces and finding proper homes for the murals is the right thing to do.

Update – Cash Flow and Capital Spending

Mr. Garman updated the Finance Committee on the implications of cash flow projections on future financing needs and reported on capital spending versus budget.

Capital spending for the fiscal year-to-date through April totaled \$197.0 million, or 85%, of spending projections based on the final FY 2016-2021 capital program. Net of spending, investment income, and excess operating income, MDTA's aggregate cash balances available for capital spending rose by \$18.8 million in April. For the remainder of fiscal 2016, average monthly capital spending is projected at \$23.1 million.

With the full depletion of Series 2010 bond proceeds in mid-2013, capital projects funding shifted to the operating revenue funded Capital account. No new money financings are likely needed through FY 2021, though refinancing opportunities may be available as a series of call dates approach starting in July 2017.

Update – Investment Committee Report

Mr. Garman updated the Finance Committee on the investment of MDTA funds for the trailing 12-month period ended March 31, 2016, detailing market conditions, portfolio strategies, total return performance, and trade allocations.

Mr. Garman discussed market drivers that may influence portfolio performance in coming months, including the economy, fiscal policy, and Federal Reserve monetary policy. He reviewed strategy revisions for various categories of accounts as discussed previously in December, as well as the transition timing to the new target durations.

Mr. Garman and Mr. Greg Warner explained the portfolios' defensive positioning as a percentage of the benchmark indices and the impact on relative performance.

Update – Traffic and Revenue

Ms. Jaclyn Hartman advised that due to a delay in receiving reciprocity files from other E-ZPass states, the traffic and revenue figures were too preliminary to be reported. At the June meeting, the traffic and revenue reports for both April and May will be reviewed with the Committee.

There being no further business, the meeting of the Finance Committee adjourned at 10:03 a.m., following a motion by Member Calhoun and seconded by Member Leahy.