

FINANCE COMMITTEE MONTHLY MEETING  
TUESDAY, May 13, 2014  
POINT BREEZE HEADQUARTERS BUILDING  
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING:

Jack Basso  
Mary Beyer Halsey  
Arthur Hock

STAFF ATTENDING:

Yaw Berkoh  
Donna DiCerbo  
Joyce Diepold  
Rebecca Freeberger  
Allen Garman  
Gordy Garrettson  
Bruce Gartner  
David Greene  
Sherita Harrison, Esq.  
Jaclyn Hartman  
Dave LaBella  
Kitty Sarvinas  
Larry Schwager  
Deb Sharpless  
Cheryl Sparks  
Dan Williams  
Ricky Williams

OTHERS ATTENDING:

Diane Abate, Vice President, Canton Development  
Company (CDC)  
Chuck Gomer, Davenport & Company  
Valerie Kolman, Chief Financial Officer, CDC  
Roland Kooch, Jr., Davenport & Company  
John Magness, President & CEO, CDC  
Sam Sidh, MDOT  
Greg Warner, First Southwest Company

At 9:00 a.m. Member Jack Basso, Chair of the Finance Committee, asked for a motion to call the Finance Committee Meeting to order. Member Art Hock made the motion and Member Mary Beyer Halsey seconded the motion and the motion was unanimously passed.

**Approval – Meeting Minutes – April 8, 2014 Open Session**

Member Basso called for the approval of the Open Minutes of the April 8, 2014 Finance Committee meeting. Member Halsey made a motion to approve the minutes, and Member Hock seconded the motion. The minutes were unanimously approved as submitted.

**Recommend for Approval – Contract No. 11031500 – MDTA-wide Security Maintenance Services**

This request seeks a recommended approval from the Finance Committee to present this final renewal option for Contract No. 11031500, Authority-wide Security Maintenance services, to the full MDTA Board at its next scheduled meeting.

The Contract is for the preventative maintenance and repairs to the existing Access Control System, Intrusion Detection System, and other security related sub-systems for all MDTA locations. Two of the sub-systems are the Closed-circuit television sub-systems and the security intercom system. It will cover various MDTA locations encompassing approximately 50 properties.

This request is for approval to exercise the renewal option for a term of July 1, 2014 thru June 30, 2015, at a not-to-exceed cost of \$235,014.97, which includes a Consumer Price Index increase of 1.69% over the first year renewal term price

As this is a contract renewal over \$200,000, it exceeds the delegated authority of the Executive Director pursuant to Resolution 14-01 dated March 27, 2014, and therefore requires approval of the Board of Public Works.

Member Basso asked about the lack of Minority Business Enterprise (MBE) goals. No MBE goals were established for this contract because of certain certification requirements. There are only three such providers in Maryland and none of those are certified MBEs.

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

**Update – Canton Development Company's 2013 Annual Financial Statements**

Ms. Jaclyn Hartman said the MDTA has owned 100% of the shares of Canton Development Company since 1987. Canton Development Company owns Canton Railroad Company which operates along 16 miles of track and provides rail road access to the Seagirt Marine Terminal. The Canton Railroad Company has served the Port of Baltimore and southeast Baltimore City industries for 95 years. It connects with Conrail and CSX Transportation,

offering customers direct service to one-third of the United States. Valerie Kolman, Chief Financial Officer and Corporate Treasurer of the Canton Development Company, will present the Company's consolidated financial statements.

Ms. Kolman presented a summary of the company's audited consolidated financial statements for the years ended December 31, 2012 and 2013. Her summary presentation noted that the auditors did not identify any audit findings or issues. The presentation covered a review of the Assets and Liabilities, explanations for the revenue and operating expense increases in 2013 and potential upcoming Capital Projects.

Members Basso and Halsey commended Ms. Kolman and the Canton Development Company on the unqualified audit opinion.

### **Update – Bay Bridge Summer Travel Public Safety Campaign**

Ms. Cheryl Sparks said that the Bay Bridge Summer Travel Public Safety Campaign kicked off in late April with a mini-safety campaign highlighting the new features and signage: mandatory headlight use at all times; curve warning signs; 40 mph speed limit signs for curves; "Your Speed Is" signs; "Congestion Ahead" signs; and "Do Not Tailgate" signs. The campaign will then add the summer travel education of the campaign just before Memorial Day to include safety, planning and distracted driving. With the equity investment from previous years' campaigns, MDTA "spokes birds" Spike and Otis have returned to promote safety tips, 1-877-BAYSPAN, baybridge.com, and best times to travel.

The Division of Communications (DOC) is utilizing McAndrew Company (Contract No. 20120002) to develop and produce the 2014 campaign. Summer travel media spending has decreased in the last several years, from \$835,000 in 2009 to an effective spending budget of \$629,000 for 2014, which includes the additional education efforts for the mini-safety campaign. DOC also continues to rely heavily on traditional public relations and grassroots outreach efforts.

The 2014 campaign expands the use of social media through Facebook, Twitter, Instagram, Vine and FLICKR during the summer season and will have a large interactive media presence.

Ms. Sparks then introduced Ms. Rebecca Freeberger, who proceeded to give a brief update on the program, the target audiences, geographic areas, the campaign dates, the budget, and the objectives. Ms. Freeberger also briefed the Members on the Media Plan which includes the radio spots, television weather sponsorships, out-of-home billboards locations, and social media.

Mr. Gordy Garrettson then spoke on the results of the research that was done by MDTA's Police, Engineers and Operations staff who determined what the most problematic issue was on the Bay Bridge. Distracted driving was the leading cause of accidents on the Bridge. In order to

minimize the number of accidents on the Bay Bridge, "Your Speed Is" signs, "Congestion Ahead" signs and "Do Not Tailgate" signs will be placed in strategic places on the bridge and require mandatory headlight use. Additional education about distracted driving will be utilized.

Member Hock commended staff on their diligence regarding tailgating on the bridge and requested that staff provide an update in the fall on the effects of the campaign and the reach of the social media efforts.

### **Update – Cash Flow and Capital Spending**

Mr. Garman reviewed the implications of cash flow projections on future financing needs and reported on capital spending versus projections.

Capital spending for fiscal year-to-date through April totaled \$268.4 million, or 77%, of the spending projections based on the Final FY 2014-2019 Consolidated Transportation Program (CTP). Spending for the Intercounty Connector, Express Toll Lanes, and Other Projects totaled 64%, 87%, and 79% of projections, respectively. Over the prior four fiscal years, capital spending has ranged from 59% to 82% of projections, averaging 71%.

Net of spending, investment income, and excess operating income, MDTA's aggregate cash balances available for capital spending fell by \$16.9 million in April. With the full depletion of the Series 2010 bond proceeds in June 2013, funding for capital projects shifted to the cash-funded Capital account. To date, \$384.0 million has been drawn on the \$516.0 million TIFIA loan. MDTA intends draw the remaining \$132.0 million available under the loan in fiscal 2015. No other financings are likely needed through fiscal 2019.

### **Update – Investment Committee Report**

Mr. Garman and Mr. Greg Warner (First Southwest) reported on activities of the Investment Committee for the quarter ended March 31, 2014. They reviewed issues including market conditions, portfolio strategies, total return performance, and trade allocations.

Mr. Garman discussed drivers that may influence portfolio performance in coming months, including the economy, fiscal policy, and Federal Reserve monetary policy. Mr. Garman and Mr. Warner explained the total return performance implications of the portfolios' short-duration positioning during the trailing twelve-months. The Investment Committee intends to maintain portfolio durations near 85% of the respective benchmarks near term. To date, that strategy is working well performance-wise and helps to reduce risk.

### **Update – Overview of the System Preservation Program**

Mr. Dave LaBella presented this update on the status of the MDTA's System Preservation Program. He reported that this item was previously presented to the Capital Committee.

The System Preservation Program Team (the Team) continues to manage several projects through the study, design, and procurement process according to an established program milestone schedule. Additional projects are being programmed when practicable to maintain cash flow expenditures, including several large projects that were recently added to the program. The Team continues to perform financial tracking and reporting to support the management of the System Preservation Program. Design milestones continue to be met, as the Team continues to review submittals and deliverables for various projects.

The presentation included a discussion of the status of the system preservation projects, as well as the financial aspects of the System Preservation Program.

### **Update – Video Toll and Citation Program**

Ms. Deborah Sharpless briefed the Finance Committee Members on the activities that have taken place to support the implementation of the video toll and citation process approved in House Bill 420 of the 2013 Session.

In April, mailings and web access to PDFs were interrupted temporarily due to hardware and image server issues and the backlog increased. Replacement of the image server is underway. Also in April, there was increased communication with the courts regarding case loads and court representative staff was hired.

In May, testing and deploying the updated court process module began; the scheduling of court dates began; MDTA court representative staff are being trained; and review of the initial case files for completeness prior to the court dates is being done. Executive Director Bruce Gartner, Ms. Sharpless and Mr. Tom Gugel met with Judge Morrissey, Chief Judge of the District Courts of Maryland. Because the District Court Judges are expecting someone from MDTA to testify, the Office of the Attorney General will represent MDTA in the citation cases.

In June, hearings for citations contested to court will begin. The timing for referrals to the Motor Vehicle Administration and the Central collections Unit will be resolved in the next few months.

**Update – Traffic and Revenue**

Ms. Joyce Diepold reported that the system revenues for the month of April were \$49.1 million, which is up \$14.3 million versus the previous year. Revenues for the fiscal year-to-date were \$460.4 million, which is up \$123.2 million versus the previous year. Fiscal year-to-date revenues are \$13.8 million, or 3.1%, above the current Jacobs Base Case revenue forecast.

Ms. Diepold also reported that the system transactions for the month of April were 9.9 million, which is up 0.1 million versus the previous year. Fiscal year-to-date system transactions were 92.8 million, which is down 2.1 million from the previous year. Fiscal year-to-date system transactions are 4.4 million, or 5%, above the current Jacobs Base Case transaction forecast.

Monthly revenue for April on the ICC was \$3.6 million. Monthly transactions for April on the ICC were 1.8 million.

There being no further business, the meeting of the Finance Committee adjourned at 10:55 a.m., following a motion by Member Hock and seconded by Member Halsey.