

FINANCE COMMITTEE MONTHLY MEETING  
WEDNESDAY, MAY 20, 2015  
POINT BREEZE HEADQUARTERS BUILDING  
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING: Jack Basso  
Mary Beyer Halsey  
Arthur Hock  
Katrina J. Dennis (via telephone)

STAFF ATTENDING: Yaw Berkoh  
Todd Coleman  
Donna DiCerbo  
Joyce Diepold  
Allen Garman  
Bruce Gartner  
Chantelle Green  
Valencia Hainesworth  
Jim Harkness  
Sherita Harrison, Esq.  
Jaclyn Hartman  
Cheryl Lewis-Orr  
Kitty Sarvinas  
Kataw Say  
Dennis Simpson  
Cheryl Sparks  
Paul Truntich

OTHERS ATTENDING: Chuck Gomer, Davenport (via telephone)  
Greg Warner, First Southwest (via telephone)

At 9:05 a.m., Member Jack Basso, Chair of the Finance Committee, called the Finance Committee Meeting to order.

**Approval – Meeting Minutes – April 15, 2015**

Member Basso called for the approval of the Open Meeting Minutes of the April 15, 2015 Finance Committee meeting. No changes were noted. Member Art Hock made a motion to approve the minutes and Member Katrina Dennis seconded the motion. The minutes were unanimously approved as submitted.

**Approval–MDTA Resolution No 15-02 – Authorizes the Refunding of the Parking Lease Revenue Bonds (Calvert Street Parking Garage)**

Ms. Chantelle Green started the briefing by requesting a recommendation from the Finance Committee to the MDTA Board for approval of MDTA Resolution No. 15-02, which authorizes a refunding of the outstanding Parking Lease Revenue Bonds, Calvert Street Parking Garage Project, Series 2005 (the “Series 2005 Bonds”), through the issuance of Limited Obligation Parking Lease Revenue Refunding Bonds, Calvert Street Parking Garage Project, Series 2015 (the “2015 Refunding Bonds”) in an aggregate principal amount not to exceed \$20,000,000, subject to certain other limitations and requirements as set forth in the Resolution.

At the request of the State Treasurer’s Office (STO) and the Department of General Services (DGS), MDTA issued the Series 2005 bonds in the principal amount of \$23,760,000 for conduit financing for the construction of a parking facility for State employees located in Annapolis. Debt service on the bonds is paid through pass-through lease payments from DGS to MDTA’s trustee. The revenues (rental payments) are payable semi-annually to cover debt service costs and administrative expenses.

Ms. Green reported that the Series 2005 Bonds have an optional redemption available at par beginning on July 1, 2015 for \$17,845,000 of the outstanding bonds. DGS and STO have requested that MDTA pursue a refunding of the Series 2005 Bonds to achieve debt service savings.

The Resolution authorizes MDTA to sell or place refunding bonds subject to certain limitations. The Resolution also delegates to the MDTA Executive Director, with assistance from the Chief Financial Officer (CFO) and other parties, certain responsibilities in order to prepare for and conduct a bond sale and award the 2015 Refunding Bonds to the successful bidder/underwriter(s). The MDTA Board will be briefed on the results of the refunding at the first Board meeting following the bond sale/placement.

Member Basso questioned whether the net present value (NPV) savings for the refunded exceeded 3%. Ms. Green stated that the current estimate of NPV savings is 7.9%.

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

**Approval – Contract No. 20150002 – Uninterrupted Power Supply (UPS) Maintenance for all Locations**

Ms. Donna DiCerbo requested a recommended approval from the Finance Committee to present Contract No. 20150002, Uninterrupted Power Supply (UPS) Maintenance for All Locations, to the full MDTA Board at its next scheduled meeting.

This Fixed-Price Small Business Reserve Contract includes all labor, materials, specialized equipment, service and transportation necessary to perform full maintenance on an as-needed basis for all UPS at all MDTA locations. The lowest responsive and responsible bidder is Critical Power Supply, USA. The contract has a base term of three years with one two-year renewal option and a total contract value of \$198,088.00. The Notice-to-Proceed (NTP) for this Contract is anticipated for June 2015.

Member Basso questioned the amount of power provided by the UPS system. Mr. Bruce Gartner noted that the UPS provides only an interim energy supply until the generators are engaged.

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

#### **Approval – Contract No. 20140022 – Arc Flash Hazard Study at Various Locations**

Ms. DiCerbo requested a recommended approval from the Finance Committee to present Contract No. 20140022, Arc Flash Hazard Study at Various Locations, to the full MDTA Board at its next scheduled meeting.

This project is for the purpose of securing a contractor to provide short circuit, coordination and arc flash hazard study analysis for the electrical distribution systems at the MDTA facilities/buildings. The winning contractor, Shah & Associates, Inc., will be responsible for providing all of the labor, materials, specialized equipment, service and transportation necessary to perform the required services under the terms of the Contract. The Contract is for 360 days and is valued at \$373,560.00. Board of Public Works approval is required.

MDTA anticipates issuing a NTP for this contract in July 2015. The Contract is designated as a Small Business Preference, with an overall 7% Minority Business Enterprise goal.

Member Basso requested further information on the Arc Flash Hazard Study. Mr. Kataw Say indicated that the study will determine the safe working distance, arc flash energy, flash boundaries and level of Personal Protective Equipment to be used when working on and around each piece of electrical distribution equipment. After the study is completed, the Contractor will provide arc flash hazard warning labels for each piece of equipment as specified in the study.

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

*Member Basso indicated that the agenda would be modified to take Item 7, Renewable Energy Update, as the next item.*

### **Update – Renewable Energy Update**

Mr. Paul Truntich provided an update on the status of MDTA's renewable energy efforts. In May 2013, MDTA's Office of Environment, Safety & Risk Management contracted with the Maryland Environmental Service to conduct renewable energy assessments at each of MDTA's main facilities. Multiple renewable energy options were evaluated at each facility. One of the recommendations offered from the assessment was to evaluate the potential of installing a wind turbine at the Key Bridge campus. However, a detailed study of the wind patterns and sustained wind speed at this location is required to determine if the consistency of the wind would be enough to sustain the installation of a wind turbine.

Utilizing a grant program from the Maryland Energy Administration, two anemometer towers were installed at MDTA's Key Bridge and the Point Breeze facilities in December 2014. The towers collect grab samples of wind speeds throughout the day and relay the information to a database that compiles the long-term trends. MDTA will be collecting data over the course of a year to determine the average wind speed, which will be cross referenced to the standards established by the U.S. Department of Energy (DOE) Wind and Water Technologies Office. If the data collected supports the installation of a wind turbine at either location, MDTA will evaluate the engineering and fiscal considerations related to potential installation.

Mr. Todd Coleman gave a briefing on the deployment of the anemometers, including how MDTA determined the placement of the anemometers. Mr. Coleman explained how the anemometers work and provided an overview of the type of data that is currently being collected. Upon completion of the study, the anemometers will be decommissioned and the data collected will be used to determine the feasibility of placing wind turbines at these locations.

Member Hock noted that he is a strong advocate for the use of wind power and other alternative energy sources. Mr. Truntich noted that the Maryland Port Administration (MPA) expressed interest in this project and MDTA has been sharing information with them. Member Hock inquired as to whether the turbines would be similar to the turbines located in Pennsylvania. Mr. Truntich said that MDTA's wind turbines would be different aesthetically because of the landscape.

Member Halsey inquired about whether the energy generated by the wind turbines would be distributed solely to the facility where the turbine is housed or to the power grid. Mr. Coleman replied that while the goal would be to use the electricity generated for onsite consumption, it would depend on the amount of electricity generated by the wind turbine.

Member Basso questioned whether this study would be expanded to other MDTA locations. Mr. Truntich noted that other locations are being explored, including the Bay Bridge.

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

Mr. Allen Garman reviewed the implications of cash flow projections on future financing needs and reported on capital spending versus projections. Capital spending for the fiscal year-to-date through April totaled \$276 million, or 84% of the spending projections. Net of spending, investment income, and excess operating income, MDTA's aggregate cash balances available for capital spending rose by \$1.1 million in April. For the next two months, average monthly capital spending is projected at \$42 million.

With the full depletion of Series 2010 bond proceeds in mid-2013, capital projects funding shifted to the operating revenue funded Capital account. To date, \$384 million has been drawn on the \$516 million TIFIA loan and MDTA intends to draw the remaining \$132 million available on June 15, 2015. No other financings are likely needed through fiscal 2020.

### **Update – Investment Report**

The Investment Committee provided the quarterly investment report detailing market conditions, portfolio strategies, total return performance, and trade allocations for the quarter ended March 31, 2015.

Mr. Garman discussed market drivers that may influence portfolio performance in coming months, including the economy, fiscal policy, and Federal Reserve monetary policy. Mr. Garman and Mr. Greg Warner (First Southwest) explained the portfolio's defensive positioning as a percentage of the benchmark indices and the impact on relative performance during the rising rate environment.

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

Mr. Gartner provided an update on the implementation of the Video Toll and Citation Program. Outstanding issues regarding toll collection referrals to the State's Central Collection Unit (CCU) have been resolved and the mailing of the 15-day notice of referral to the CCU for out-of-state vehicles has been initiated. Referrals to the Motor Vehicle Administration for vehicles registered in Maryland are anticipated to begin in mid-July.

Mr. Gartner also provided a brief update on the District Court Process. Mr. Gartner stated that a revised citation form has been submitted to the District Court for approval and it is anticipated that new court administrative processes are forthcoming.

Additionally, MDTA recently completed an update and review of its regulations to conform to the requirements of legislation that was passed by the Maryland General Assembly during the 2015 session.

**Update – Traffic and Revenue**

Ms. Cheryl Lewis-Orr provided an update on the in lane toll revenue and transaction trends for all facilities. Ms. Lewis-Orr noted that system-wide toll revenues for the month ending April 30, 2015, were \$58.5 million, which is up \$4.5 million, or 8.4%, from the previous year. Fiscal year-to-date system-wide toll revenues were \$537.9 million, which is up \$30.6 million, or 6.0%, from the previous year.

System-wide transactions for the month ending April 30, 2015, were 12.9 million, which is up 1.2 million or 10.1% from the previous year. Fiscal year-to-date system-wide transactions were 117.3 million, which is up 7.7 million, or 7.0%, from the previous year.

Member Basso and Member Halsey stated that they would like to know the impact on traffic volumes after the toll reductions are implemented. Ms. Jaclyn Hartman advised that this information will be provided at the August meeting following the July 1 implementation of the toll reductions.

Chairman Basso called for any additional business to come before the Committee. Ms. Hartman stated that MDTA's AA credit ratings were recently reaffirmed by Moody's and Fitch Ratings.

There being no further business, the meeting of the Finance Committee adjourned at 10:20 a.m., following a motion by Member Hock and seconded by Member Halsey.