

FINANCE COMMITTEE MONTHLY MEETING
THURSDAY, JULY 14, 2011
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING: Peter J. Basso
Mary Halsey
Richard C. Mike Lewin (Via Telephone)

STAFF ATTENDING: Randy Brown
David Chapin
Allen Garman
Kelly Melhem
Gail Moran
Brenda Sandbank
Jackie Seneschal
Deborah Sharpless
Dennis Simpson
Valerie Smith

OTHERS ATTENDING: Fred Rappe – MDOT
David Fleming – MDOT
Barbara Fava – Public Financial Management
Katie Edwards – Public Financial Management
Jamie Traudt - Davenport

At 9:00 am, Committee Member Jack Basso called the meeting of the Finance Committee to order.

APPROVAL: MEETING MINUTES – JUNE 9, 2011

Upon Motion by Mr. Mike Lewin and seconded by Ms. Mary Halsey, the minutes of the June 9, 2011, Finance Committee were unanimously approved as amended.

UPDATE – TOLL INCREASE

Public Hearings

Kelly Melhem updated the Committee Members on the Public Hearings. To date, nearly 3,000 comments have been received on the tolling proposal. The Board Members have received testimony from nearly 400 citizens and elected officials at the nine public hearings that have been held. The majority of citizen feedback involves the Hatem Bridge AVI decal and Bay

Bridge toll rates. As the Board Members are aware, many of these hearings were heavily attended. For citizens who wanted to provide comment, but did not want to provide public testimony or wait in a long list of speakers, MDTA made other options available at the hearings, including a private court reporter, the on-line web comment form and paper comment forms.

Post-Usage Discount Plan

Acting Executive Secretary Randy Brown gave an update on the Post-Usage Discount Plan for E-ZPass Maryland business accounts and provided information to the Finance Committee Members on the policy decisions associated with the program.

INVESTMENT MANAGEMENT AND PERFORMANCE UPDATE

Ms. Deborah Sharpless introduced Barbara Fava from Public Financial Management (PFM) to the Finance Committee Members, explaining that Ms. Fava advises on and supports the MDTA's investment management activities. Ms. Sharpless also discussed the formation of an Investment Management Committee, comprised of the Executive Secretary, Chief Financial Officer, Deputy Chief Financial Officer, Director of Treasury Management, and the Financial Advisors from PFM and Davenport as outlined in the newly created Investment Management Charter.

Ms. Fava discussed elements of the current Investment Management Policy and suggested revisions that may lead to enhanced performance. In addition to formal policy changes, the Finance Committee agreed with certain revisions to informal policy restrictions associated with corporate commercial paper purchases, including increasing allocation to the policy limit of 20% from the previous \$100 million limit and extending the maximum maturity to 180 days from 90. The Finance Committee continues to oppose purchases of prime money market funds, but favors future allocations to the Maryland Local Government Investment Pool if legislation is passed making this possible.

Mr. Allen Garman reviewed the economy and interest rate environment, as well as implications for investment strategy. Mr. Garman also updated the Committee Members on implementation of the new SunGard investment accounting and analytics software package, detailing uses for monitoring diversification, producing GASB reports for the annual financial statements, tracking total return performance, and automating investment journal entries for upload into the Solomon accounting system.

Upon motion by Mr. Lewin and seconded by Ms. Halsey, the Committee Members agreed with some of the suggested changes to the Investment Management Policy and recommended that the revised policy be presented to the full MDTA Board for approval at a future meeting.

UPDATE: TRAFFIC AND REVENUE

Mr. Brown explained the report for the month June 30, 2011, indicating the system revenues for the month were \$28.0 million which is down \$0.4 million versus the previous year. The fiscal year-to-date system revenues were \$312.0 million, which are up \$3.5 million versus the previous year and are \$4.6 million, or 1.5%, above the current Jacob's Base Case revenue forecast.

Traffic for this period showed system transactions were 10.5 million, which is down 44.1 thousand versus the previous year. Fiscal year-to-date system transactions were 119.2 million, which are up 2.1 million versus the previous year and are 2.4 million, or 2.1%, above the current Jacob's Base Case transaction forecast.

There being no further business, the meeting of the Finance Committee was adjourned by general consensus at 10:45 a.m. following a motion by Ms. Halsey and seconded by Mr. Lewin.