

MARYLAND TRANSPORTATION AUTHORITY
BOARD MEETING
THURSDAY, JUNE 26, 2014
2310 BROENING HWY, BALTIMORE, MD 21224

OPEN SESSION

Leif Dormsjo, Acting Chairman

MEMBERS ATTENDING:

P. Jack Basso
Rev. Dr. William Calhoun (via Telephone)
Katrina J. Dennis, Esq.
Mary Beyer Halsey
William K. Hellmann
Arthur Hock
A. Bradley Mims
Michael Whitson

STAFF ATTENDING:

Suhair Alkhatib
Eric Backes
David Chapin
Percy Dangerfield
Donna DiCerbo
Trudy Edwards
Robert Farley
Allen Garman
Bruce Gartner
David Greene
Meshelle Howard
Doug Hutcheson
James Kruszynski
Col. Mike Kundrat
Jeanne Marriott
Jody McCurley
Kimberly Millender, Esquire
Anthony Pecoriello
Cathy Beasley-Pope
Shane Shapiro
Dennis Simpson
Cheryl Sparks
Christina Thompson
Duane Urban
Ariane Warren
Dan Williams

OTHERS ATTENDING:

Shane Beabes – AECOM

At 9:04 a.m. Acting Chairman Leif Dormsjo called the meeting of the Maryland Transportation Authority (“MDTA”) Board to order.

Acting Chair, Leif Dormsjo welcomed the newest MDTA Board Member Katrina J. Dennis, Esquire.

APPROVAL – CLOSED AND OPEN SESSION MINUTES OF MAY 22, 2014

Upon motion by Member A. Bradley Mims and seconded by Member P. Jack Basso, the Closed and Open Session meeting minutes of the MDTA Board Meeting held on May 22, 2014 were unanimously approved.

INTRODUCTIONS – FRATERNAL ORDER OF POLICE:

Mr. Bruce Gartner introduced Shane Shapiro, President of the Fraternal Order of Police Lodge 34. Mr. Shapiro then introduced his fellow officers: James Kruszynski, Vice President, Duane Urban, 2nd Vice President, Ariane Warren, Secretary, Anthony Pecoriello, Sergeant of Arms. Mr. Shapiro provided a brief overview of recent union activities and expressed appreciation to the Board.

Member Basso recused himself from the next item and left the meeting.

APPROVAL – INDEPENDENT REGISTERED MUNICIPAL ADVISOR (IRMA) EXEMPTION CERTIFICATE AND DELEGATIONS OF AUTHORITY FOR FUTURE EXEMPTIONS:

Mr. Allen Garman requested approval for delegation of authority from the MDTA Board to the Executive Director to execute certain municipal advisor exemption certificates related to the Security Exchange Commission’s (SEC) municipal advisor rules. This item was reviewed by the Finance Committee and recommended to the MDTA Board for approval.

In response to the financial crisis, the Dodd Frank Wall Street Reform and Consumer Protection Act of 2009 amended portions of SEC Rule 15B of the 1934 Act to require registration of Municipal Advisors, a previously unregulated group. The Municipal Securities Rulemaking Board (MSRB) is charged with enforcing the new provisions that establish a fiduciary relationship between financial advisors and municipalities. The registration requirement is effective July 1, 2014.

The new rules provide exemptions for certain individuals including legal bond counsel, underwriters, municipal employees and board members, as well as engineering firms whose work is limited in scope and does not include financing related advice. The new regulations apply to financial advisory work for both financing and investment related activities.

The SEC rule exempts persons providing advice with respect to municipal financial products or the issuance of municipal securities from the definition of municipal advisor so long as: (1) an independent registered municipal advisor is providing advice with respect to the same aspects of the municipal financial product or issuance of municipal securities, is registered pursuant to Section 15B of the Exchange Act and the rules and regulations thereunder, and is not, and within at least the past two years was not, associated with the person seeking to rely on this exemption; (2) such person receives from the municipal entity or obligated person a representation in writing that it is represented by, and will rely on the advice of, an independent registered municipal advisor; and (3) such person provides written disclosure to the municipal entity or obligated person that such person is not a municipal advisor and, with respect to a municipal entity, is not subject to the statutory fiduciary duty applicable to municipal advisors under the Exchange Act, and such person provides a copy of such disclosure to the municipal entity's or the obligated person's independent registered municipal advisor.

Currently, the MDTA's financial advisory work is handled by two SEC/MSRB registered municipal advisors, Davenport and First Southwest. It is estimated that ten to twenty exemption certificates will be required annually, primarily for broker/dealers and engineering firms. To date, MDTA has received exemption certificate requests from both an engineering firm and a broker/dealer.

Upon motion by Member Mary Halsey and seconded by Member Art Hock, the Members unanimously approved a corporate resolution delegating authority from the MDTA Board to the Executive Director to execute certain municipal advisor exemptions related to the SEC's municipal advisor rules.

Member Rev. Dr. William Calhoun joined the meeting by telephone at approximately 9:15 a.m.

Member Basso returned to the meeting.

APPROVAL – FISCAL YEAR 2015 FINAL OPERATING BUDGET

Ms. Christina Thompson requested approval for the Fiscal Year 2015 Final Operating Budget. The Trust Agreement requires the approval of the final budget on or before the first day of July. This item was reviewed by the Finance Committee and recommended for approval by the MDTA Board.

The FY 2015 Final Operating Budget amounts to \$285,054,488. This represents an increase of \$15,719,928 over the FY 2014 budget of \$269,334,560. The costs incurred for police services at the Port and Baltimore Washington International (BWI) Marshall Airport are reimbursable to MDTA from Maryland Port Administration (MPA) and Maryland Aviation Administration (MAA) and amount to \$24,746,424 (8.7%) of the budget. The budget includes an increase in salaries of \$4.9 million for a full year of a 3% Cost of Living Allowance (COLA), a half year of 2% COLA, step

increases and placing all Facility Maintenance Technicians at a step 5. Health insurance increases by just over a million dollars due to applying a 3% inflation factor and the average cost per employee going up by about \$700. Social Security increases by \$356k due to increases in salaries. Pension costs decrease by \$730k due to the decline in pension rates for sworn personnel. (Pension contributions for FY 2015 are 18.55% for civilian and 49.86% for sworn personnel. They were 17.17% and 61.26% in FY 2014). Insurance increases by \$1.7 million for Workmen's Comp Insurance. Other reductions were taken in uniforms, telephone, publicity and advertising, snow removal, and gas and electric to reflect actual spending.

Upon motion by Member Basso and seconded by Member Mims, the Members unanimously approved the Fiscal Year 2015 Operating Budget of \$285,054,488.

APPROVAL – DRAFT FISCAL YEAR 2015-2020 CONSOLIDATED TRANSPORTATION PROGRAM

Mr. Dennis Simpson introduced this item and explained that the size of the CTP was reduced so the financial forecast showed no toll increases were needed during the six year capital program period. Mr. Suhair Alkhatib requested approval of the Draft Fiscal Year (FY) 2015-2020 Consolidated Transportation Program (CTP). This item was reviewed by the Capital Committee and recommended for approval by the MDTA Board.

The Draft CTP reflects a decrease in the six-year budget of \$291.5 million over the same six-year period in the final FY 2014-2019 CTP. The net budget decrease is the result of the following changes: 1) Increase in the six-year CTP budget by \$69.7 million for all projects except ICC, ETL and reserves; 2) Decrease in the system preservation allocated and unallocated reserves by \$361.2 million; and 3) No change in ICC and ETL budgets. FY 2014 expenditure is projected to be \$376.8 million vs. \$417.7 million projected in the Final FY 2014-2019 CTP. FY 2014 underspending is projected to be \$40.9 million and has been rolled over into the Draft FY 2015-2020 CTP. The proposed Draft FY 2015-2020 CTP reflects a decrease of \$291.5 million which still allows for funding of an additional \$278.8 million in system preservation capital needs identified in the annual update to the Long Range Capital Needs assessment.

Upon motion from Member Rev. Dr. William Calhoun and seconded by Member Michael Whitson, the Members unanimously approved the Draft Fiscal Year 2015-2020 Consolidated Transportation Program.

APPROVAL – FINANCIAL FORECAST

Mr. David Chapin requested approval of the financial forecast reflecting the proposed Draft Fiscal Year (FY) 2015-2020 Consolidated Transportation Program (CTP) and Final FY 2015 operating budget. This item was reviewed by the Finance Committee and recommended for approval by the MDTA Board. Per legislation passed in 2008 session of the General Assembly, the MDTA submits financial forecasts to the legislature twice per year: on or before July 1 (reflecting the Draft CTP and Final Operating Budget), and then concurrent with the State's submission of the budget bill (in early January) reflecting the Final CTP and the Preliminary Operating Budget.

The forecast indicates that throughout the six year FY2015-FY2020 forecast period, the MDTA will remain above its financial goals (\geq \$350 million unencumbered cash and \geq 2.0 debt service coverage) and its Trust Agreement rate covenant (net revenues \geq 1.0 x sum of a)120% of debt service and b) deposits to Maintenance & Operating (M&O) account) .

Upon motion by Member Calhoun and seconded by Member William Hellmann, the Members unanimously approved the Financial Forecast for Fiscal Year 2015-2020.

APPROVAL CONTRACT - MODIFICATIONS:

- **CONTRACT NO. 60833436R – I-95 Travel Plazas Public Private Partnership Lease and Concession Agreement – Contract Modification Additional Work for Repairs to Chesapeake House Water Tower**

Mr. Percy Dangerfield requested retroactive approval to proceed with a contract modification to the Travel Plaza Lease and Concession Agreement (“Agreement”) and to delegate authority to the Executive Director to finalize and execute documents for the modifications for additional work required for unanticipated repairs to the Chesapeake House water tower. The Agreement as part of the Mandatory Work required the Concessionaire to paint the existing water towers located at the Maryland House and Chesapeake House. This Mandatory Work did not anticipate any additional repair work on the two water towers. It was discovered during the painting operation on the Chesapeake House water tower that a weld at the base of the tower bowl was cracked. The cracked weld allowed for water to leak down the raiser pipe. Due to the insulation on the raiser pipe, this leak was unnoticed and allowed the pipe to corrode to the point of requiring replacement. This modification would authorize an additional \$139,540 for the necessary repairs. This item was reviewed by the Capital Committee and recommended for approval by the MDTA Board.

Upon motion by Member Calhoun and seconded by Member Mims, the Members unanimously approved the additional repairs to the Chesapeake House Water Tower and delegated authority to the Executive Director to finalize and execute for these modifications in the amount of \$139,540.

APPROVAL CONTRACT – AWARD

- **CONTRACT NO. 20140023 – INVESTMENT SERVICES WITH BLOOMBERG FINANCES, L.P.**

Ms. Donna DiCerbo requested approval for Contract No. 20140023 – Investment Services Bloomberg Finances, L.P. This item was reviewed by the Finance Committee and recommended for approval by the MDTA Board. Approval of this contract is contingent upon the approval of the Board of Public Works (BPW). Bloomberg’s investment service supports the buying and selling of investment securities through the MDTA’s approved brokers. Bloomberg is the industry standard for securities trading, analytics, and market/economic data. The existing Sole Source Contract #20120003 expires on July 10, 2014. This new Contract will provide for two (2) terminals and the required T1 dedicated telecommunications line for two (2) years (7/11/2014 to 7/10/2016). The rate for both terminals is Three Thousand Eight Hundred Dollars (\$3,800.00) per month, (One Thousand

Nine Hundred Dollars (\$1,900.00) each), with an additional monthly fee of Four Hundred Ninety Five Dollars (\$495.00) for the dedicated high-speed telecommunications line. The total monthly cost is Four Thousand Two Hundred Ninety Five Dollars (\$4,295.00) and the total amount of this contract shall not exceed \$103,080.00. This Contract fits the Sole Source criteria as stated in COMAR 21.05.05.02 (1) and (2), (1) when only one source exists which meets the requirements; (2) when the compatibility of equipment, accessories, or replacement parts is the paramount consideration. There are no other providers of a similar product in the industry.

As this is a Sole Source Contract, no Minority Business Enterprise, Small Business Reserve, or Veteran-Owned Business Enterprise participation is included.

Upon motion by Member Basso and seconded by Member Hock, the Members unanimously approved Contract No. 20140023 Investment Services with Bloomberg Finances, L.P. contingent on approval from the Board of Public Works.

- **CONTRACT NO. MA 2641-000-006 GENERATOR REPLACEMENT AT VARIOUS FACILITIES**

Ms. DiCerbo requested approval for Contract No. MA 2641-000-006 Generator Replacement at Various Facilities. This item was reviewed by the Capital Committee and recommended for approval by the MDTA Board. The scope of work for this project includes but is not limited to: replace existing generators and automatic transfer switches with new generators and automatic transfer switches to support Toll Plaza and other equipment at various facilities including the Baltimore Harbor Tunnel Administration Building; Baltimore Harbor Tunnel Fairfield Ventilation Building; Francis Scott Key Bridge Administration Building; Francis Scott Key Bridge Maintenance Building; Francis Scott Key Bridge Police Building; John F. Kennedy Memorial Highway Maintenance #1 Building; John F. Kennedy Memorial Highway Maintenance #2 Building; William Preston Lane, Jr. Memorial Bridge Eastern Shore Garage.

The work includes generators, electrical distribution, conduit, concrete duct bank, trench and backfill, fuel pipes, wires, cables, connections, controls, circuit breakers, disconnect switches, concrete pads, grounding, removal and disposal, protective bollards, asphalt repair, fencing, landscaping and all associated and miscellaneous work required to complete the project.

Two bids were received ranging 37.18% to 53.27% above the Engineer's Estimate of \$1,481,306.00. Mackey Electrical Services, Inc. is the lowest responsive and responsible bidder. As its bid was higher than the Engineer's Estimate, a bid justification was conducted and the bid was determined to be fair and reasonable. Mackey Electrical Services, Inc. is a new contractor to the MDTA, and its references were verified by the Office of Engineering & Construction.

This solicitation was advertised as a Small Business Reserve (SBR) contract, with a Minority Business Enterprise (MBE) participation goal of ten percent (10%), with no subgoals. Mackey Electrical Services, Inc. is a certified SBR, and has submitted a MBE plan that meets the goal. This Contract term is for two (2) years only.

Upon motion by Member Calhoun and seconded by Member Mims, the Members unanimously approved Contract No. MA 2641-000-006 Generator Replacement at Various Facilities to Mackey Electrical Services, Inc. in the amount of \$2,032,000.00.

- **CONTRACT NO. FT 2756-000-006 GENERATOR REPLACEMENT AT THE FORT MCHENRY MAINTENANCE BUILDING**

Ms. DiCerbo requested approval for Contract No. FT 2756-000-006 Generator Replacement at the Fort McHenry Maintenance Building. This item was reviewed by the Capital Committee and recommended for approval by the MDTA Board. The scope of work for this project includes but is not limited to: 1) Removal of the existing generator, automatic transfer switch and related feeders, and replace with a new generator and automatic transfer switch including fuel tanks, fuel pipes, concrete pad, security fences, protective bollards, and related feeders; 2) All electrical work required to be done inside and outside buildings; 3) New emergency battery backup lighting and exit signs are included throughout portions of the building to comply with NFPA 101, Life Safety Code; 4) Install manual transfer switch with feeder tap box for temporary generator; 5) Maintenance of Traffic (MOT) for the parking lot area; 6) Special Warranty: Five years from date of Substantial Completion. Manufacturer's standard form in which manufacturer agrees to repair or replace components of packaged engine generators and associated auxiliary components that fail in materials or workmanship within specified warranty period; 7) Contract Warranty: Five years from date of Substantial Completion. Warranty shall include repair, parts, labor, lubricating oil, filters, anti-freeze and preventive maintenance as recommended by manufacturer; and 8) Furnish and install new generators and automatic transfer switches at the Fort McHenry Tunnel Maintenance Building.

Three bids were received ranging from 61.14% above to 7.38% below the Engineer's Estimate of \$284,368.58. BlueStar Technologies, Inc., is the lowest responsive and responsible bidder. BlueStar Technologies, Inc., is a new contractor to the Authority, and its references were verified by the Office of Engineering and Construction.

This solicitation was advertised as a Small Business Reserve contract and BlueStar Technologies, Inc., is a certified Small Business.

Upon motion by Member Calhoun and seconded by Member Whitson, the Members unanimously approved Contract No. FT 2456-000-006 Generator Replacement at Fort McHenry Maintenance Building in the amount of \$263,377.00.

APPROVAL – LETTER OF AGREEMENT WITH THE HORSESHOE BALTIMORE CASINO

Mr. Dennis Simpson requested approval to enter into a Letter of Agreement (LOA) with the Horseshoe Baltimore Casino to install guide signs to the Baltimore Casino from I-95 and I-395 and to delegate execution of the LOA to the Executive Director. This item was presented to the Capital Committee and recommended for approval.

This LOA between the MDTA and the Horseshoe Casino (Casino) sets forth the agreement between the parties pertaining to the installation of five supplemental signs to be installed along the MDTA right-of-way. The proposed signs are specifically along northbound and southbound I-95, northbound I-395, northbound I-395 ramp to West Lee Street, and the northbound I-395 Martin Luther King Boulevard spur, providing access to the Horseshoe Baltimore Casino (1525 Russell Street, Baltimore, MD). The signs will have the following messages: 1) Northbound I-95 – Horseshoe Casino Exit 52; 2) Southbound I-95 – Horseshoe Casino Exit 53; 3) Northbound I-395 – Casino Use Russell Street; 4) Northbound I-395 Ramp to West Lee Street – Casino (with a Left Arrow); 5) Northbound I-395 Martin Luther King Boulevard Spur – Casino (with a Through Arrow).

The MDTA is requiring the Casino to pay all costs associated with the installation of the five signs. The anticipated traffic generated by the Casino is expected to increase substantially upon opening in August 2014. The signs will provide motorists with proper guidance to the Casino in a manner consistent with other casinos in Maryland. The cost to install the signs is estimated to be Twenty-Six Thousand Dollars and 00/100 Cents (“\$26,000”), including design, construction inspection and contingencies.

The Casino has agreed to be responsible for one hundred percent (100%) of the costs incurred by the MDTA for the design, fabrication, construction and installation of the signs. The MDTA will use an MDTA on-call signing contractor for the installation of the signs.

Upon motion by Member Calhoun and seconded by Member Mims, the Members unanimously approved entering into the Letter of Agreement and delegated authority to the Executive Director to execute the Letter of Agreement between the MDTA and the Horseshoe Baltimore Casino to install guide signs to the Baltimore Casino from I-95 to I-395.

APPROVAL – FINAL CODE OF MARYLAND REGULATIONS (COMAR) FOR TOWING: PERMITTING OF TOWERS: AND TRANSPORTATION OF HAZARDOUS MATERIALS

Mr. Patrick Fleming requested approval for changes to the Transportation of Hazardous Materials, Towing of Vehicles on MDTA Property, and Permits for Towing, Road Service, and Storage of Vehicles Regulations.

During the 2010 legislative session, the General Assembly passed legislation that changed the definition of “Authority Highways”. As a result of this change, modifications to COMAR were needed. The Board previously took action on these regulation changes on October 24, 2013. The proposed regulations were published in the Maryland Register on January 10, 2014. During the thirty day (30) public comment period the MDTA received no comments. Publication of the final regulations in the Maryland Register is anticipated for July 25, 2014.

Upon motion from Member Calhoun and seconded by Member Whitson, the Members unanimously approved the final changes to the Transportation of Hazardous Materials, Towing of Vehicles on MDTA Property, and Permits for Towing, Road Service and Storage of Vehicles Regulations.

UPDATE – AUDIT COMMITTEE

Member Halsey gave an update on the June 17, 2014 Audit Committee Meeting and indicated that the following topics were discussed:

- Internal audit services contractor, Bazilio, Cobb Associates completed the sale of its Assurance Practice to BCA Watson Rice, LLP.
- The Office of Audits will complete 12 of 17 audits included in the Fiscal Year (FY) 2014 Audit Plan. Five audits were rescheduled for FY 2015 due to various circumstances.
- The Office of Audits presented the FY 2015 Audit Plan.
- Two internal audit reports were presented and the Committee was satisfied with the results.
- The Maryland Department of Transportation's Office of Technology Services presented an overview of its operations and approach for securing the enterprise network and information systems.

At 10:09 a.m. upon motion by Member Mims and seconded by Member Basso, the Members unanimously voted to move into Closed Session pursuant to Section 10-508(a)(8) of the State Government Article of the Annotated Code of Maryland to consult with staff, consultants, or other individuals about pending litigation in federal court in the matter filed by Renee Basil. The following persons were present during the Closed Session: Leif Dormsjo, Acting Chairman, Rev. Dr. William Calhoun (via telephone), Katrina Dennis, Esq., Mary Beyer-Halsey, William K. Hellmann, P. Jack Basso, Arthur Hock A., Bradley Mims, Michael J. Whitson, Bruce Gartner, Kimberly Millender, Esquire, Sharon Benzil, Esquire, Percy Dangerfield, Trudy Edwards, Colonel Michael Kundrat, Police Chief, Marjorie Nesbitt, and Cheryl Sparks.

At 10:22 a.m. a motion was made by Member Mims and seconded by Member Hock, with the unanimous approval of the Members, to adjourn the Closed Session and return to Open Session.

NO ACTIONS WERE TAKEN DURING CLOSED SESSION

There being no further business, the meeting of the MDTA Board was adjourned by general consensus at 10:23 a.m.

The next MDTA Board Meeting will be held on July 24, 2014 at 9:00 a.m. at MDTA's Point Breeze Headquarters, 2310 Broening Highway, Baltimore, Maryland 21224.

APPROVED AND CONCURRED IN:

Wilson Parran, Acting Chairman



MARYLAND TRANSPORTATION AUTHORITY

STATEMENT FOR CLOSING A MEETING

LOCATION: Maryland Transportation Authority
Point Breeze Headquarters Building
2310 Broening Highway.
Baltimore, Maryland 21224

DATE: June 26, 2014

TIME: 9:00 a.m.

MOTION BY: Member Mims

SECONDED BY: Member Basso

VOTE TO CLOSE SESSION:

Table with 5 columns: Name, AYE, NAY, ABSTAIN, ABSENT. Includes handwritten notes like 'via Telephone' and 'Leif Dormsjo'.

STATUTORY AUTHORITY TO CLOSE SESSION
STATE GOVERNMENT ARTICLE, §10-508(a)

- (1) [] To discuss: (i) the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or (ii) any other personnel matter that affects 1 or more specific individuals.
(2) [] To protect the privacy or reputation of individuals with respect to a matter that is not related to public business.
(3) [] To consider the acquisition of real property for a public purpose and matters directly related thereto.
(4) [] To consider a matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State.

STATEMENT FOR CLOSING A MEETING

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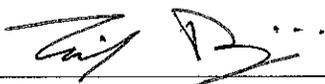
- (5) [] To consider the investment of public funds.
- (6) [] To consider the marketing of public securities.
- (7) [] To consult with counsel to obtain legal advice.
- (8) [X] To consult with staff, consultants, or other individuals about pending or potential litigation.
- (9) [] To conduct collective bargaining negotiations or consider matters that relate to the negotiations.
- (10) [] To discuss public security, if the public body determines that public discussion would constitute a risk to the public or to public security, including:
 - (i) the deployment of fire and police services and staff; and
 - (ii) the development and implementation of emergency plans.
- (11) [] To prepare, administer, or grade a scholastic, licensing, or qualifying examination.
- (12) [] To conduct or discuss an investigative proceeding on actual or possible criminal conduct.
- (13) [] To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.
- (14) [] Before a contract is awarded or bids are opened, discuss a matter directly related to a negotiating strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.

TOPICS TO BE DISCUSSED:

The meeting will be closed under Section 10-508(a)(8) of the State Government Article of the Annotated Code of Maryland to discuss pending litigation in federal court in the matter filed by Renee Basil.

REASON FOR CLOSING:

To discuss matters permitted by statute to be discussed during a closed session of a meeting of a public body.



PRESIDING OFFICER