

FINANCE COMMITTEE MONTHLY MEETING
THURSDAY, FEBRUARY 9, 2023
OPEN MEETING VIA LIVESTREAMING

OPEN SESSION

MEMBERS ATTENDING: Cynthia Penny-Ardinger
Dontae Carroll
Jeffrey Rosen
John von Paris

STAFF ATTENDING: Erika Brantley
Jeffrey Brown
Jeff Davis
Donna DiCerbo
Cheryl Dickinson
Allen Garman
Chantelle Green
David Greene
Natalie Henson
Ibrahim Koroma
Cheryl Lewis-Orr
Selena McKissick
Kimberly Millender, Esq.
Ken Montgomery
Mary O’Keeffe
William Pines
Jennifer Stump
Clayton Viehweg
Eric Willison

At 9:00 a.m., Member von Paris, Chair of the Finance Committee, called the Finance Committee Meeting to order.

APPROVAL – OPEN MEETING MINUTES FROM JANUARY 12, 2023 MEETING

Member von Paris called for the approval of the meeting minutes from the Open Meeting held on January 12, 2023. Member Jeffrey Rosen made the motion, and Member Cynthia Penny-Ardinger seconded the motion, which was unanimously approved.

At 9:04 am, Member John von Paris recused himself from the next item on the agenda, Contract No. SV-3092-0000 – Transportation Consultant Services RFP. Member Dontae Carroll chaired this item during member von Paris’ absence.

APPROVAL – CONTRACT NO. SV-3092-0000- TRANSPORTATION CONSULTANT SERVICES RFP

Mr. David Greene requested a recommendation for approval from the Finance Committee to the full Maryland Transportation Authority (MDTA) Board for Contract No. SV-3092-0000, Transportation Consultant Services Request for Proposals (RFP).

This contract is to provide Transportation Consultant Services for the MDTA. This includes providing additional consultant service resources as needed for some of the programs that the MDTA is responsible for evaluating, selecting, and implementing in the areas of Transportation System Analysis and Needs Forecasting; Performance Evaluation and Reporting; and Project Management Service and Staff Support.

This contract was procured as a RFP. Five proposals were received and the recommended awardee, WSP, USA was ranked first overall and provided the best value to the State. WSP, USA is the current incumbent with a proven track record in providing services to the MDTA.

Member Carroll called for a motion to recommend approval of this item to the full MDTA Board at its next scheduled meeting. Member Penny-Ardinger made the motion, and Member Rosen seconded the motion, which was unanimously approved.

At 9:10 am, Member John von Paris rejoined the meeting and resumed leadership of the meeting as Committee Chair.

APPROVAL – INVESTMENT COMMITTEE REPORT

Mr. Allen Garman and Mr. Clayton Viehweg provided an update to the Finance Committee on the activities of the Investment Committee for the period ended December 31, 2022. The update included a review of market conditions, portfolio strategies, total return performance, and dealer trade allocations. Market drivers that may influence portfolio performance in the coming months were also discussed, including the economy, fiscal policy, and the Federal Reserve monetary policy. Mr. Garman noted that the Investment Committee is not recommending any changes to the investment strategy at this time.

UPDATE – TIFIA LOAN DRAW

Mr. Allen Garman provided an update to the Finance Committee on the \$200 million TIFIA loan draw that occurred on February 1, 2023. The loan payments, which begin in 2024 and end in 2054, are unchanged as a result of drawing the loan earlier than planned. The loan draw represents a reimbursement for prior Nice/Middleton Bridge construction spending that occurred during May 2021 through October 2022. Drawn funds were deposited back into the Capital Account and will be utilized for capital spending in the coming months through September 2024.

The loan draw date was modified twice in response to the interest rate environment. The rate lock feature was favorable in the rising interest rate environment. Due to the sharp rise in interest rates, there is no net interest cost or carrying cost for the unspent loan proceeds during the spending period.

UPDATE – 2ND QUARTER OPERATING BUDGET VERSUS ACTUAL SPENDING

Mr. Jeffrey Brown updated the Finance Committee on actual versus projected year-to-date spending for the second quarter of FY 2023. As of December 31, 2022, 38% of the operating budget was spent compared to the target of 50%. Object 03 (Communications) was above budget at a 64% spend rate driven by the payment of the state telecommunications invoice. Object 13 (Fixed Charges) was above budget at a 115% spend rate due to the payment of an annual insurance fee. All other objects are at or below the targeted spending level. The primary driver for the underspending is personnel vacancies, delayed invoicing by vendors, and the timing and/or seasonality of expenses.

UPDATE – 2ND QUARTER CAPITAL BUDGET VERSUS ACTUAL SPENDING

Ms. Jennifer Stump updated the Finance Committee on actual year-to-date spending for the second quarter compared to projected spending as shown in the FY 2023-2028 Draft CTP. As of December 31, 2022, 38.8% of the FY 2023 capital budget was spent as compared to the target of 50%. The total budget for FY 2023 is \$556.0 million. The actual spending through the second quarter was \$215.7 million.

UPDATE – 2ND QUARTER FY 2023 TRAFFIC AND REVENUE PERFORMANCE REPORT

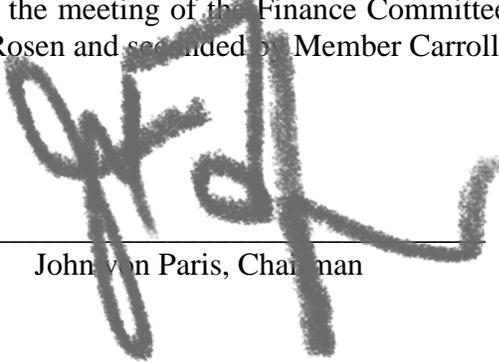
Ms. Cheryl Lewis-Orr provided the Finance Committee with a quarterly and year-to-date update regarding traffic and toll revenue trends compared to the previous year and the forecast. The key takeaways regarding year-to-date traffic and revenue performance are that (1) passenger vehicle traffic levels continue to track closely to pre-pandemic levels; (2) commercial vehicle traffic levels continue to outperform pre-pandemic levels; and (3) when adjusting for timing differences, systemwide revenue exceeded the forecast by 6.5%.

UPDATE – FY 2022 INDEPENDENT AUDITORS' SERVICE AUDIT ORGANIZATION CONTROL (SOC) 2 UPDATE

Ms. Chantelle Green provided a clarifying update regarding the findings reported by the MDTA's independent auditor, SB and Company, LLC (SB & Co.) regarding the FY 2022 Service Organization Control (SOC) Type 2 audit conducted for the Maryland *E-ZPass*® System. On October 11, 2022, SB & Co. presented the FY 2022 SOC 1 Type 2 and SOC 2 Type 2 report findings for the Maryland *E-ZPass*® System. As part of its presentation, SB & Co. noted three minor exceptions pertaining to the SOC 1 Type 2 Audit and no exceptions pertaining to the SOC 2 report. Since that time, SB & Co. has clarified that there were SOC 2 report

exceptions. The update should have indicated there were no additional exceptions noted in the SOC 2 report that weren't previously identified in the SOC 1 report. The FY 2022 audit opinion remains unmodified for the SOC 1 and SOC 2 audits.

There being no further business, the meeting of the Finance Committee adjourned at 9:58 a.m., following a motion by Member Rosen and seconded by Member Carroll.



John von Paris, Chairman