

FINANCE COMMITTEE MONTHLY MEETING
TUESDAY, OCTOBER 11, 2022
OPEN MEETING VIA LIVESTREAMING

OPEN SESSION

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

STAFF ATTENDING: Erika Brantley
Jeffrey Davis
Donna DiCerbo
Cheryl Dickinson
Meryle Dunlap, Esq.
Timothy Eikenberg
Chantelle Green
Natalie Henson
Selena McKissick
Ken Montgomery
Mary O'Keeffe
Deborah Sharpless
Timothy Sheets
Christina Thompson

OTHERS ATTENDING: John Magness – Canton Railroad
William Seymour – SB and Company
Julie Paris – SB and Company

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

APPROVAL – OPEN MEETING MINUTES FROM SEPTEMBER 6, 2022 MEETING

Member John von Paris called for the approval of the meeting minutes from the Open Meeting held on September 6, 2022. Member Jeffrey Rosen made the motion, and Member Cynthia Penny-Ardinger seconded the motion, which was unanimously approved.

UPDATE - CANTON DEVELOPMENT COMPANY

Ms. Deborah Sharpless and Mr. John Magness, President and CEO of the Canton Development Company (Canton), updated the Finance Committee on Canton's customer base and the company's operations and financial performance. Mr. Magness also updated meeting attendees on opportunities to secure additional revenue and improve business performance as a result of acquiring land that abuts their property and expanding their rail lines on the acquired land accordingly.

UPDATE – INDEPENDENT AUDITOR'S REPORT FOR THE FY 2022 SERVICE ORGANIZATION CONTROLS 1 AND CONTROLS 2 REPORT

Mr. William Seymour, Engagement Partner from SB & Company, briefed the Finance Committee on the results of the FY 2022 Service Organization Controls (SOC) 1 and SOC 2 Reports for the Maryland *E-ZPass* System. No qualifications were made within the report; however, certain areas were noted where the design or operating effectiveness of the control activities could be enhanced.

UPDATE – FY 2023 COST-OF-LIVING ADJUSTMENT

Ms. Christina Thompson advised the Finance Committee of the estimated fiscal impact of the FY 2023 cost-of-living adjustment (COLA). Governor Hogan announced a 4.5% COLA for all permanent and contractual State employees effective November 1, 2022. The estimated fiscal impact of the COLA for FY 2023 is \$4.9 million. No budget amendment will be presented to the MDTA Board at this time. The annualized cost of the 4.5% COLA will be included in the FY 2024 budget that is presented to the MDTA Board for approval in November.

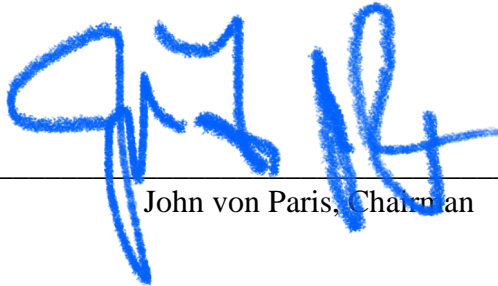
UPDATE – FY 2021 SINGLE AUDIT REPORT

Ms. Deborah Sharpless advised the Finance Committee of the results of the Independent Auditors' Report, performed by the audit firm Clifton Larson Allen, LLP (CLA), on Compliance for Major Federal Awards (Single Audit). CLA issued its report on the MDTA's accordance with the types of compliance requirements required for federal awards. The MDTA complied with the types of compliance requirements that could have a direct and material effect on the major federal program for fiscal year ended June 30, 2021. However, the audit disclosed a deficiency as it relates to the tracking equipment purchased and disposed of with federal funds. Going forward, the MDTA will separately identify and track equipment purchased with federal funds as required under the Equitable Sharing Program.

UPDATE – WAGES AND FRINGE BENEFITS OVERVIEW

Ms. Christina Thompson provided information requested by the Finance Committee regarding the MDTA's use of fringe benefits overhead rate (aka burden rate). Ms. Thompson provided information regarding the use of average wage rates and noted that the burden rate methodology provides a fair and equitable process for apportioning fringe benefits and wages between the operating and capital budgets. The methodology is also consistent with other Transportation Business Units practices and has been approved by the Federal Highway Administration when allocating federal funds.

There being no further business, the meeting of the Finance Committee was adjourned at 9:53 a.m., following a motion by Member Carroll, and seconded by Member Penny-Ardinger.



John von Paris, Chairman