

FINANCE COMMITTEE MONTHLY MEETING
TUESDAY, SEPTEMBER 8, 2020
OPEN MEETING VIA CONFERENCE CALL

OPEN SESSION

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

STAFF ATTENDING: Jeffrey Brown
Jeffrey Davis
Cheryl Dickinson
Jacqueline Djomo
Allen Garman
Chantelle Green
Valencia Hainesworth
Natalie Henson
Cheryl Lewis-Orr
Jeanne Marriott
Kimberly Millender
Ebony Moore
Mary O'Keeffe
John O'Neill
Will Pines
Jim Ports
Deborah Sharpless
Colin Sweetin
Dayna Taitt
Christina Thompson
Clayton Viehweg
Melissa Williams

OTHERS ATTENDING: Kelly Morrison – CDM Smith

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 AUGUST 11, 2020 MEETING

Member John von Paris called for the approval of the meeting minutes from the Open Meeting held on August 11, 2020. Member Dontae Carroll made the motion, and Member Cynthia Penny-Ardinger seconded the motion, which was unanimously approved.

UPDATE – FY 2020 OPERATING BUDGET VS ACTUAL SPENDING

Mr. Jeffrey Brown briefed the Finance Committee on the status of year-to-date spending compared to the FY 2020 Operating Budget. As of June 30, 2020, approximately 88% of the FY 2020 budget was spent compared to the target of 100%. Communications and Fixed charges exceeded expected spending levels. All other objects were significantly below budget. As a result of COVID-19, traffic decreased, on-site work was minimized, and teleworking increased. This reduced costs for utilities, maintenance, vehicles, and deferred costs associated with personnel (reduced hiring), training, and purchases. This, plus a mild winter, resulted in favorable budget performance across most of the Maryland Transportation Authority (MDTA).

APPROVAL – CAPITAL BUDGET INCREASE AMENDMENT

Mr. Will Pines requested a recommendation of approval from the Finance Committee to the full MDTA Board to retroactively increase the FY 2020 Amended Capital Budget by \$15 million to \$465.4 million. Mr. Pines explained that the largest contributors to the increase above the FY 2020 Amended Capital Budget were the replacement of the Nice/Middleton Bridge and the I-895 Bridge Replacement. The project overages were due to expedited construction occurring faster than anticipated in the forecasted plans. While the cash flows for these projects were expended faster than initially planned, the project budgets have remained constant. The increase in cash flows will be offset by reductions in the FY 2021-2026 Final Consolidated Transportation Program (CTP) which is scheduled to be presented to the MDTA Board for approval in November 2020.

Exceeding the FY 2020 Amended Capital Budget is a violation of the MDTA's Trust Agreement; however, the violation is technical and not material. While the MDTA Board must approve a retroactive budget amendment, no disclosures to bondholders or municipal markets via the electronic municipal market access (EMMA) are required. The \$15 million increase has no negative impact on the MDTA's adherence to its financial policies.

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

UPDATE – FY 2020 CAPITAL BUDGET VERSUS ACTUAL SPENDING

Ms. Jeanne Marriott updated the Finance Committee on actual year-to-date spending for the year ended June 30, 2020 compared to projected spending as shown in the FY 2020-2025 Draft CTP. As of June 30, 2020, FY 2020 capital spending was approximately \$15 million, or 18%, over the FY 2020 Amended Capital Budget. The increase in cash flows will be offset by reductions in the FY 2021-2026 Final CTP which is scheduled to be presented to the MDTA Board for approval in November.

UPDATE – BI-ANNUAL REVIEW OF REVENUE SUFFICIENCY

Ms. Deb Sharpless provided the Finance Committee with an update on the bi-annual review of revenue sufficiency for the FY 2021-2026 financial forecast period. Ms. Sharpless advised the Finance Committee that the MDTA's Board Policy requires a bi-annual review of revenue sufficiency to determine if current rate and fee levels are appropriate based on levels of expected spending. The FY 2021-2026 financial forecast shows that current toll rates, fees, and discounts provide sufficient revenue over the next six years to meet forecasted spending and exceed all legal and policy requirements.

UPDATE – BWI CREDIT RATINGS

Mr. Allen Garman provided an update to the Finance Committee on the non-recourse debt credit ratings for the BWI Thurgood Marshall Airport. Standard and Poor's Global Ratings recently downgraded both the BWI Passenger Facility Charge Revenue Bonds and the BWI Parking Revenue Bonds by one notch to A and A-, respectively. The downgrade was attributed to the COVID-19 pandemic and associated effects outside of management's control.

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