

FINANCE COMMITTEE MONTHLY MEETING
TUESDAY, FEBRUARY 11, 2020
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING: Dontae Carroll (via phone)
 Jeffrey Rosen
 John von Paris

STAFF ATTENDING: Yaw Berkoh
 Donna DiCerbo
 Cheryl Dickinson
 Jacqueline Djomo
 Meryle Dunlap, Esq.
 Allen Garman
 Chantelle Green
 Natalie Henson
 Meshelle Howard
 Cheryl Lewis-Orr
 Jeanne Marriott
 Ken Montgomery
 Mary O'Keeffe
 Will Pines
 Deb Sharpless
 Daryl Smith
 Colin Sweetin
 Dayna Taitt
 Christina Thompson
 Clayton Viehweg
 Tim Wendt
 Melissa Williams

OTHER ATTENDEES: David Calvert – PFM
 Danton Ponzol - PFM

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 DECEMBER 10, 2019, MEETING

Member John von Paris called for the approval of the meeting minutes from the open meeting held on December 10, 2019. Member Jeffrey Rosen made the motion, and Member Dontae Carroll seconded the motion, which was unanimously approved.

APPROVAL – SV 3081-0000 - TRAFFIC & REVENUE FORECAST SERVICES

Ms. Cheryl Lewis-Orr requested a recommendation of approval from the Finance Committee to present SV 3081-0000, Traffic & Revenue Forecast Services, to the full Maryland Transportation Authority (MDTA) Board at its next scheduled meeting. SV 3081-0000 is a contract to provide traffic and revenue forecast services to support a variety of MDTA projects and studies such as, traffic and revenue projections, transportation policy and program development, system analysis and revenue forecasting, and project/work order management services and staff support. The MDTA is procuring this as an Indefinite Quantity Contract with firm fixed unit prices (Labor Rates for Labor Hours) and Time and Materials for Labor Hour Contract (fixed rate for materials).

CDM Smith, Inc., was the recommended vendor with a financial price of \$2,361,586.00, and an MBE Goal of 5% with no sub-goals.

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.

APPROVAL – INVESTMENT COMMITTEE REPORT

Mr. Allen Garman provided an update on the activities of the Investment Committee for the quarter ended December 31, 2019. Mr. Garman reviewed market conditions, portfolio strategies, and total return performance. He also discussed certain market drivers that may influence portfolio performance in the coming months, including the economy, fiscal policy, and Federal Reserve monetary policy.

Mr. Garman noted that following several months of review and analysis, the Investment Committee is recommending a change in investment strategy to lengthen the average maturity and associated effective duration of certain unrestricted reserves. The new strategy will entail a duration extension for the MDTA's unrestricted reserve accounts (excluding Capital) to an average of maturity of approximately 7.5-years. Under the new strategy, the MDTA will purchase staggered maturities from 6-months to 15-years and measure its performance against a Composite Index of 1 to 13-year Treasury Strip indices. Implementation of this change in strategy will also necessitate an investment policy revision and Board Resolution.

Member von Paris commented that the MDTA's Financial Advisors, Investment Committee, and the MDTA Leadership support the investment strategy recommendation.

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

APPROVAL – BOARD RESOLUTION 20-01 – CONSOLIDATION OF RESERVE ACCOUNTS

Mr. Allen Garman requested a recommendation of approval from the Finance Committee to present Board Resolution 20-01 to the full MDTA Board at its next scheduled meeting. Mr. Garman explained that Board Resolution 20-01 effectively consolidates reserves held in the Operating Account with the General Account in order to support the agency's investment management goals while also reducing certain costs. The MDTA's policy target to maintain at least \$350 million in unrestricted reserves remains unchanged.

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.

APPROVAL – INVESTMENT POLICY

Mr. Allen Garman requested a recommendation of approval from the Finance Committee to present the Board Policy on Investment Management to the full MDTA Board at its next scheduled meeting.

Mr. Garman explained that the proposed changes to the Board Policy align with the recommended changes to the MDTA's investment strategy. The Investment Committee and the MDTA's municipal advisor (PFM) are recommending that the policy be modified to lengthen the maximum maturities in the General and M&O Reserve to 15 years and more closely align the policy with the maturity limitations contained in the legal bond indenture (Master Trust Agreement).

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

UPDATE – 2ND QUARTER OPERATING BUDGET VERSUS ACTUAL SPENDING

Ms. Chris Thompson briefed the Finance Committee on the status of year-to-date spending compared to the FY 2020 Operating Budget. As of December 31, 2019, approximately 40% of the FY 2020 budget was spent compared to the target of 50%. All Comptroller's Objects (except for Salaries and Benefits and Fixed Charges) were more than 5% below the expected budget.

UPDATE – 2ND QUARTER CAPITAL BUDGET VERSUS ACTUAL SPENDING

Ms. Jeanne Marriott updated the Finance Committee on actual year-to-date spending for the second quarter compared to projected spending as shown in the FY 2020-2025 Draft Consolidated Transportation Program. As of December 31, 2019, 36% of the FY 2020 budget was spent compared to the target of 50%.

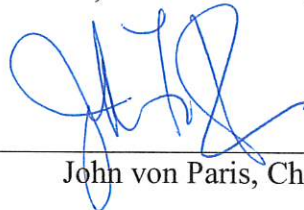
UPDATE – QUARTERLY TRAFFIC AND REVENUE REPORT

Ms. Cheryl Lewis-Orr provided an update to the Finance Committee on the MDTA's quarterly traffic and revenue performance for the Legacy Facilities, Intercounty Connector (ICC), and the I-95 Express Toll Lanes. As of December 31, 2019, combined year-to-date transactions and revenue on the MDTA's toll facilities totaled 83.8 million and \$346.8 million, respectively. Systemwide transactions and revenue were approximately -0.1% below forecast and 0.4% above forecast, respectively.

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 2020-2025 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 2020-2025 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.

There being no further business, the meeting of the Finance Committee adjourned at 10:25 a.m., following a motion by Member Rosen, and seconded by Member Carroll.



John von Paris, Chairman