



# Maryland Transportation Authority

BOARD MEETING

THURSDAY, AUGUST 29, 2024

MARYLAND TRANSPORTATION AUTHORITY  
2310 BROENING HIGHWAY  
BALTIMORE, MD 21224

IN-PERSON AND LIVESTREAM



**MARYLAND TRANSPORTATION AUTHORITY  
BOARD MEETING**

2310 Broening Highway \* Training Room – 2<sup>nd</sup> Floor \* Baltimore, MD 21224

**AUGUST 29, 2024 9:00 AM**

This meeting will be livestreamed on the [MDTA Board Meeting Page](#)

**NOTES:**

- This is an In-Person Open Meeting being conducted via livestreaming.
- The public is welcomed to watch the meeting at the link above.
- *If you wish to comment on an agenda item please email your name, affiliation, and the agenda item to [nhenson@mdta.state.md.us](mailto:nhenson@mdta.state.md.us) no later than 5:00 p.m. on August 27<sup>th</sup>. You **MUST** pre-register and attend the meeting in person in order to comment.* Once pre-registered, all pertinent information will be emailed to you.

**AGENDA**

**OPEN SESSION – 9:00 AM**

Call Meeting to Order

- |   |                 |         |
|---|-----------------|---------|
| 1. <b><u>Approval</u></b> – <u>Open Session Meeting Minutes of July 25, 2024</u>  | Chairman        | 5 min.  |
| 2. <b><u>Approval</u></b> – <u>Closed Session Meeting Minutes of July 25, 2024</u>  | Chairman        | 5 min.  |
| 3. <b><u>Update</u></b> – <u>All Open Contracts</u> – Verbal  | Donna DiCerbo   | 5 min.  |
| 4. <b><u>Approval</u></b> – <u>Contract Award</u> <ul style="list-style-type: none"><li>• J01P4600124 – APC Server Cooling Hardware</li></ul>   | Donna DiCerbo   | 10 min. |
| 5. <b><u>Approval</u></b> – <u>Contract Award</u> <ul style="list-style-type: none"><li>• KB-4903-0000 – Francis Scott Key Bridge Replacement I-695/MD 695 Over the Patapsco River/Baltimore Harbor</li></ul> | Donna DiCerbo   | 10 min. |
| 6. <b><u>Approval</u></b> – <u>Francis Scott Key Bridge Turnaround</u> – Temporary Suspension of the Collection of Tolls  | Chantelle Green | 10 min. |
| 7. <b><u>Approval</u></b> – <u>Remittance of Insurance Proceeds</u> – Approval to Remit the Full Amount of the Insurance Proceeds for the Francis Scott Key Bridge Collapse to the Federal Government         | Deb Sharpless   | 10 min. |
| 8. <b><u>Approval</u></b> – <u>Quarterly Review of Investment Strategy</u> – Approval to Continue with Current Investment Strategy  | Allen Garman    | 10 min. |
| 9. <b><u>Approval</u></b> – <u>Investment Policy</u> – Annual Review of the MDTA’s Investment Policy that Establishes the Guidelines for the Safeguarding and Management of the MDTA’s Cash                   | Allen Garman    | 10 min. |
| 10. <b><u>Update</u></b> – <u>Executive Director’s Report</u> – Verbal  | Bruce Gartner   | 10 min. |

Vote to Adjourn Meeting

# **TAB 1**

MARYLAND TRANSPORTATION AUTHORITY  
BOARD MEETING

THURSDAY, JULY 25, 2024  
9:00 A.M.

2310 BROENING HIGHWAY, BALTIMORE MD 21224  
IN-PERSON & LIVESTREAMED OPEN MEETING

OPEN SESSION

Paul J. Wiedefeld, Chairman

MEMBERS ATTENDING:

William H. Cox, Jr.  
W. Lee Gaines, Jr. – via Conference Call  
Mario J. Gangemi – via Conference Call  
Cynthia D. Penny-Ardinger  
Jeffrey S. Rosen  
Samuel D. Snead  
John F. von Paris

STAFF ATTENDING:

Tekeste Amare  
Donna DiCerbo  
Bruce Gartner  
Chantelle Green  
Natalie Henson  
Richard Jaramillo  
Lt. Col. Corey McKenzie  
Kimberly Millender, Esq.  
Ebony Moore  
Mary O’Keeffe  
John Sales  
Cheryl Sparks  
Sonia Thomas  
Brian Wolfe

OTHERS ATTENDING:

Tony Bridges, Assistant Secretary, MDOT  
Louis Champion, Maryland Motor Truck Association  
Chris Cichon, WBAL-AM Radio  
Tammie Clark, WBAL-TV  
Brenda Tharp, Maryland Motor Truck Association

At 9:01 a.m. Chairman Paul J. Wiedefeld called the meeting of the Maryland Transportation Authority (MDTA) Board to order. The meeting was held in-person at MDTA Headquarters, 2310 Broening Highway, Baltimore MD 21224 and was livestreamed on the MDTA Board Meeting web page.

### **APPROVAL – OPEN SESSION MEETING MINUTES OF JUNE 28, 2024**

Upon motion by Member William H. Cox, Jr. and seconded by Member Mario J. Gangemi, the open session meeting minutes of the MDTA Board meeting held on June 28, 2024 were unanimously approved.

### **APPROVAL – CONTRACT AWARD**

- **FT-3020-0000R – Fort McHenry Tunnel (FMT) Underpass and Low-Level Lighting Upgrades**

Ms. Donna DiCerbo requested contingent approval from the MDTA Board to execute Contract No. FT-3020-0000R – Fort McHenry Tunnel (FMT) Underpass and Low-Level Lighting Upgrades with Aldridge Electric, Inc. in the amount of \$9,406,077.59.

Ms. DiCerbo explained that the work to be performed under this contract is located at FMT, Interstate 95 (I-95) between the Joh Avenue overpass and the I-895 interchange. The project will upgrade existing underpass and low-level lighting through the corridor. The lighting upgrades will consist of replacing existing underpass, low-level, and sign lighting with LED, as well as replacing existing circuits feeding those lights and any related junction box covers that are damaged or missing.

Upon motion by Member Jeffrey S. Rosen and seconded by Member Samuel D. Snead, the Members unanimously gave contingent approval of Contract No. FT-3020-0000R – Fort McHenry Tunnel (FMT) Underpass and Low-Level Lighting Upgrades.

- **KH-3020-0000 – I-95 Express Toll Lanes Northbound Extension MD 24 to Bynum Run**

Ms. Donna DiCerbo requested contingent approval from the MDTA Board to execute Contract No. KH-3020-0000 – I-95 Express Toll Lanes Northbound Extension MD 24 to Bynum Run with DXI Construction, Inc in the amount of \$50,913,995.70.

Ms. DiCerbo explained that the work to be performed under this contract is located along I-95 (John F. Kennedy Memorial Highway) just north of the MD 24 (Veteran’s Memorial Highway) interchange at HaHa Branch to Bynum Run in Harford County. The scope of work includes the installation of two express toll lanes (ETLs) and three general purpose lanes (GPLs) for I-95 Northbound from the end of the KH 3021 Contract and ultimately transitioning to 3 general purpose lanes at the end of the project limits.

Upon motion by Member William H. Cox, Jr. and seconded by Member Mario J. Gangemi, the Members unanimously gave contingent approval of Contract No. KH-3020-0000 – I-95 Express Toll Lanes Northbound Extension MD 24 to Bynum Run.

**APPROVAL – MDTA BOARD RESOLUTION 24-04 -DELEGATED AUTHORITY – CONTINUITY OF OPERATIONS PLAN (COOP)**

Mr. Richard Jaramillo requested MDTA Board approval of MDTA Board Resolution 24-04 – Delegated Authority – Continuity of Operations Plan (COOP).

Mr. Jaramillo explained that the MDTA COOP provides framework, guidance, and concept of operations to enable MDTA staff to continue and/or rapidly restore the organization's essential functions in the event of a disruption to normal operations. This COOP provides an overview of continuity operations, outlines the approach for supporting the MDTA's essential functions, and defines the roles and responsibilities of staff. It also outlines the orders of succession, notification procedures, communication methods, provisions for alternate work locations, and plans for maintaining and restoring access to vital records.

He further explained that the MDTA Board Resolution 24-04 delegates authority to conduct such government functions and approvals to the Executive Director, in accordance with certain terms and conditions and authorizes the Executive Director, or during the absence or inability of the Executive Director, the Executive Director may designate the Chief Operating Officer, Chief Administrative Officer, Chief Financial Officer, Chief Engineer, or Chief of Police (each an "Authorized Officer") to discharge or direct the discharge of the executive function of MDTA's staff and employees; and to perform the necessary activities of the MDTA, including the operation and maintenance of its projects, during all weather conditions, traffic, accidents, and other emergencies both major and minor on behalf of the MDTA in exercising the foregoing authority. The Authorized Officer is hereby authorized to take such actions as may be required to continue the business operations of the MDTA.

Upon motion by Member John F. von Paris and seconded by Member Mario J. Gangemi, the Members unanimously approved MDTA Board Resolution 24-04 – Delegated Authority – Continuity of Operations Plan (COOP).

**UPDATE – MDTA POLICE PUBLIC SECURITY**

Lieutenant Colonel Corey McKenzie updated the MDTA Board on MDTA Police activities.

Lieutenant Colonel McKenzie discussed vacancies, Recruitment Class 59, agency events, and initiatives they have taken regarding commercial motor vehicles (CMV) using the tunnels since the collapse of the Francis Scott Key Bridge.

He provided information regarding MDTA Police activities related to commercial motor vehicle (CMV) inspection. Specifically, the MDTA Police conducted high visibility enforcement initiatives at the tunnels focused on CMV safety, including personnel from Maryland State Police and the Maryland Comptroller's Office. The Commercial Vehicle Safety Unit (CVSU) has been, and will continue to, conduct CMV operations and inspections at the tunnels. The MDTA Police has assigned personnel from other units with CVSU certifications to the assist at the tunnels and will be sending 7 additional officers to CVSU training in September. The MDTA Police continue to familiarize officers in the field with common CMV violations, especially related to tunnel restrictions such as over height/over width/HAZMAT.

He concluded his remarks by explaining that the CVSU personnel are frequently in contact with the Maryland Motor Truck Association and are currently working on a joint webinar with the MMTA to continue to educate CMV drivers. They have also met with numerous trucking companies' safety inspectors to ensure they are adhering to pre-trip inspections, accident procedures, benefits of cameras, and rules of our roadways to include Hazmat, wide-load, and over height compliance when traveling on MDTA roadways.

**\*\*\* At this point in the meeting, Secretary Paul J. Wiedefeld invited Mr. Louis Campion up for public comment. \*\*\***

Mr. Louis Campion, President and CEO of the Maryland Motor Truck Association (MMTA), began by acknowledging the tremendous amount of cooperation and support from all levels of government agencies and especially the Maryland Department of Transportation (MDOT) and its modals.

He continued by saying he was at the meeting to comment on the Baltimore Banner article stating that illegal hazardous materials were being transported through the tunnels. He reaffirmed that the MMTA does not support the transportation of any illegal materials in the tunnel. Those drivers who do that give the entire trucking community a "black eye." He stated that MMTA has put out repeated reminders to their members regarding the COMAR laws that exist.

Mr. Campion stated he has spoken with the MDOT Secretary and the MDTA Executive Director regarding safety and additional educational resources for the trucking community. He stated that the MMTA is committed to safety and working with the MDTA to educate the trucking community.

**\*\*\* Secretary Wiedefeld thanked Mr. Campion for his comments and partnership. He then proceeded with the next item on the agenda. \*\*\***

#### **UPDATE – FRANCIS SCOTT KEY BRIDGE UPDATE**

Mr. Bruce Gartner gave a brief update on the Francis Scott Key Bridge.

He stated that the MDTA is hopeful to award the Progressive Design Build contract by Labor Day and it will come to the MDTA Board for approval. The General Engineering proposal is out and a pre-proposal conference is scheduled for Friday, July 26. The Construction Management Inspection RFP should go out in about 3 weeks. He also said that MDTA can proceed with the Categorical Exclusion (CE) for NEPA from the Federal Highway Administration. This approval will open up the ability to move on with the next steps as soon as we are ready. He commended the MDTA staff that worked on this effort. A lot of hours and documentation went into applying for the CE and assisted in the fast approval.

Mr. Gartner further explained that the anticipated insurance payment should be sent to MDTA in the middle of August. Finally, he stated that the MDTA is in the final stages of submitting the \$60 million in invoices for the federal government.

### **UPDATE - EXECUTIVE DIRECTOR'S REPORT**

Mr. Bruce Gartner recognized Mr. James Harkness. Mr. Harkness was recognized by the Maryland State Police with a Superintendent's Salute for his work with the Unified Command. This was presented to Mr. Harkness on July 15<sup>th</sup> by Colonel Scott and Lieutenant Colonel McKenzie.

Mr. Gartner also updated the Board on the following items: Bay Bridge Traffic in the days surrounding the July 4<sup>th</sup> Holiday; Bay Bridge Eastbound Deck Rehabilitation Project; Updates to DriveEzMD Mobile App; New Customer Service Center in the Easton MVA; Bay Bridge Reconstruction Advisory Group (BBRAG) Quarterly Meeting; MDTA's Annual Safety Fair and Expo; and Upcoming Events.

### **VOTE TO GO INTO CLOSED SESSION**

At 9:38 a.m., upon motion by Jeffrey S. Rosen seconded by Member William H. Cox, Jr., the Members voted unanimously to move into Closed Session under the Maryland Open Meetings Act, the MDTA Board met in Closed Session under the General Provisions Article, Section 3-305(b)(10) and (12) to receive an update on deployment of police staff and resources and other security measures and to discuss a pending investigative proceeding involving possible criminal conduct; and, Section 3-305(b)(8) to receive a status update on all litigation currently pending against the MDTA.

In attendance for the Closed Session were Chairman Paul J. Wiedefeld; Members Carroll, Cox, Gaines-via telephone, Gangemi-via telephone, Penny-Ardinger, Rosen, Snead, and von Paris; Bruce Gartner; Kimberly Millender, Esq.; Lieutenant Colonel Corey McKenzie; and Natalie Henson.

### **VOTE TO ADJOURN CLOSED SESSION**

At 10:08 a.m., a motion was made by Member William H. Cox, Jr. and seconded by Member Samuel D. Snead, which was unanimously approved, to adjourn the Closed Session and return to Open Session. There were no actions taken in Closed Session that require ratification.

**VOTE TO ADJOURN MEETING**

There being no further business, upon motion by Member Jeffrey S. Rosen and seconded by Member John F. von Paris, the Members unanimously voted to adjourn the meeting at 10:10 a.m.

The next MDTA Board Meeting will be held on Thursday, August 29, 2024 at 9:00 a.m. at MDTA, 2310 Broening Highway, Baltimore MD and will be livestreamed on the MDTA Board webpage.

APPROVED AND CONCURRED IN:

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Paul J. Wiedefeld, Chairman

# **TAB 2**

**CLOSED SESSION  
MINUTES**

**VERBAL**

# **TAB 3**

**VERBAL**

# TAB 4



Maryland  
Transportation  
Authority

**Wes Moore, Governor**  
Aruna Miller, Lt. Governor  
Paul J. Wiedefeld, Chairman

**Board Members:**  
Dontae Carroll  
William H. Cox, Jr.  
W. Lee Gaines, Jr.  
Mario J. Gangemi, P.E.  
Cynthia D. Penny-Ardinger  
Jeffrey S. Rosen  
Samuel D. Snead, MCP, MA  
John F. von Paris

Bruce Gartner, Executive Director

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## MEMORANDUM

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**TO:** MDTA Board  
**FROM:** Director of Procurement Donna DiCerbo, CPPB, CPPO  
**SUBJECT:** J01P4600124, APC Server Cooling Hardware  
**DATE:** August 29, 2024

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### PURPOSE

To seek contingent approval to execute Contract No. J01P4600124, APC Server Cooling Hardware.

### SUMMARY

This Contract is to provide APC Server Cooling Hardware upgrades for the MDTA's Office of Infrastructure Services to replace existing critical in-line cooling and Uninterruptable Power Supply (UPS) systems currently in operation and at the end of their life cycle at both the Intercounty Connector (ICC) and John F. Kennedy Memorial Highway (JFK) Data Centers.

### RECOMMENDATION

To provide contingent approval to execute Contract No. J01P4600124, APC Server Cooling Hardware.

### ATTACHMENT

- Project Summary



Maryland  
Transportation  
Authority

## AUTHORITY BOARD PROJECT SUMMARY

J01P4600124 APC Server Cooling Hardware

**PIN NUMBER** TBD  
**CONTRACT NUMBER** J01P4600124  
**CONTRACT TITLE** APC Server Cooling Hardware

**PROJECT SUMMARY** This Contract is to provide APC Server Cooling Hardware upgrades for the MDTA’s Office of Infrastructure Services to replace existing critical in-line cooling and Uninterruptable Power Supply (UPS) systems currently in operation and at the end of their life cycle at both the Intercounty Connector (ICC) and John F. Kennedy Memorial Highway (JFK) Data Centers.

<b>SCHEDULE</b>		<b>MBE PARTICIPATION</b>	<b>ADVERTISED GOAL (%)</b>	<b>PROPOSED GOAL (%)</b>
ADVERTISEMENT DATE	3/27/2024	OVERALL MBE	0.00%	0.00%
ANTICIPATED NTP DATE	10/2/2024	AFRICAN AMERICAN	0.00%	0.00%
DURATION (CALENDER DAYS)	One-time purchase	ASIAN AMERICAN	0.00%	0.00%
		VSBE	0.00%	0.00%
<b>ENGINEER'S ESTIMATE (EE)</b>	<b>(\$)</b> \$2,000,000.00	<b>BID RESULTS</b>	<b>BID AMOUNT (\$)</b>	<b>% VARIANCE TO EE</b>
		Applied Technology Services	\$1,626,989.74	-18.65%
		Knots Technology Solutions	\$1,630,258.00	-18.49%
		Universal Adaptive Consulting Services, Inc.	\$1,782,241.14	-10.89%
		<b>BID PROTEST</b>	<b>YES</b>	<b>NO</b>
			<input type="checkbox"/> Check	<input checked="" type="checkbox"/> Check

# TAB 5



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## MEMORANDUM

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**TO:** MDTA Board  
**FROM:** Director of Procurement Donna DiCerbo, CPPB, CPPO  
**SUBJECT:** KB-4903-0000, Francis Scott Key (FSK) Bridge Replacement I-695/MD 695  
Over the Patapsco River/Baltimore Harbor  
**DATE:** August 29, 2024

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### PURPOSE

To seek approval to execute Contract No. KB-4903-0000, Progressive Design-Build for Francis Scott Key (FSK) Bridge Replacement I-695/MD 695 over the Patapsco River/Baltimore Harbor.

### SUMMARY

The MDTA is seeking the services of a qualified Design-Builder to undertake the complete design and construction of the Francis Scott Key Bridge Replacement. This Contract will utilize a Progressive Design-Build process that will form a partnership between MDTA and the Design-Builder with the goals of mitigating risk, streamlining the design process, improving the decision-making process, and developing a project that best meets the goals of the FSK bridge replacement.

The MDTA solicited RFPs on May 31, 2024. On June 24, 2024, MDTA received four (4) Technical proposals from the following Progressive Design-Build teams:

- Archer Western/Traylor Brothers Joint Venture
- Kiewit Infrastructure Co.
- Flatiron Halmar Dragados Joint Venture
- Maryland Key Connectors

It was determined that Archer Western/Traylor Brothers Joint Venture's (AWT) DBE submission did not comply with the contractual requirements. As a result, that offeror was rejected on August 1, 2024, leaving three remaining offerors to be evaluated. On August 2, 2024, AWT protested their rejection. MDTA DOP denied the protest on August 7, 2024.

KB-4903-0000, Francis Scott Key (FSK) Bridge Replacement I-695/MD 695 Over the Patapsco River/Baltimore Harbor

Page 2

Work in the Progressive Design-Build process will advance in two phases: Phase 1 – Project Development services and Phase 2 – Project Delivery services. The RFP states that Technical ranking outweighs Price and that the initial award will be for a not-to-exceed amount of \$73,000,000.00 for Phase 1 services only. The MDTA intends to award one (1) Contract as a result of this RFP.

### **RECOMMENDATION**

Approval of Contract No. KB-4903-0000, Progressive Design-Build for Francis Scott Key (FSK) Bridge Replacement I-695/MD 695 over the Patapsco River/Baltimore Harbor.

### **ATTACHMENT**

- Project Summary



Maryland  
Transportation  
Authority

**AUTHORITY BOARD PROJECT SUMMARY**

**KB-4903-0000, Francis Scott Key (FSK) Bridge Replacement I-695/MD 695 over the Patapsco River/Baltimore Harbor**

**CONTRACT NUMBER** KB-4903-0000  
**CONTRACT TITLE** Francis Scott Key (FSK) Bridge Replacement I-695/MD 695 over the Patapsco River/Baltimore Harbor

**PROJECT SUMMARY**

The MDTA is seeking the services of a qualified Design-Builder to undertake the complete design and construction of the Francis Scott Key Bridge Replacement. This Contract will utilize a Progressive Design-Build process that will form a partnership between MDTA and the Design-Builder with the goals of mitigating risk, streamlining the design process, improving the decision-making process, and developing a project that best meets the goals of the FSK bridge replacement.

Work in the Progressive Design-Build process will advance in two phases: Phase 1 – Project Development services and Phase 2 – Project Delivery services. The RFP states that Technical outweighs Price and that the initial award will be for a not-to-exceed amount of \$73,000,000.00 for Phase 1 services only. The MDTA intends to award one (1) Contract as a result of this RFP.

**SCHEDULE**

**ADVERTISEMENT DATE** May 31, 3024  
**ANTICIPATED NTP DATE** June 24, 2024  
**DURATION/TERM** 365 Calendar Days

**Not-to-exceed Contract Amount** **\$73,000,000.00**

DBE PARTICIPATION	Advertised Goal	Proposed Goal
OVERALL DBE	GOAL (%)	GOAL (%)
Professional Services DBE Goal	26.00%	26.53%

**BID PROTEST** YES  NO

PROPOSER	<u>TOTAL EVALUATED</u> <u>PRICE</u>	<u>PRICE RANK</u>	<u>TECHNICAL</u> <u>SCORE</u>	<u>TECHNICAL</u> <u>RANK</u>	<u>OVERALL RANK</u>
Archer Western/ Traylor Brothers Joint Venture	Proposal Rejected				
Kiewit Infrastructure Co.	\$1,230,350,000.00	3	Good+	1	1
Flatiron Halmar Dragados Joint Venture	\$1,210,350,000.00	2	Good	2	2
Maryland Key Connectors	\$1,189,345,000.00	1	Good	3	3

# TAB 6



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## MEMORANDUM

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**TO:** MDTA Board  
**FROM:** Director of Finance Chantelle Green  
**SUBJECT:** Francis Scott Key Bridge Turnaround  
**DATE:** August 29, 2024

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### PURPOSE OF MEMORANDUM

The purpose of this memorandum is to request the approval of the Maryland Transportation Authority (MDTA) Board to temporarily suspend the collection of tolls at the Francis Scott (FSK) Bridge Turnaround until the new FSK Bridge is completed.

### KEY TAKEAWAYS

- The continued suspension of tolling at the FSK Bridge Turnaround until completion of the new bridge allows for the efficient use and management of traffic on other portions of MDTA facilities.
- Traffic volumes during the most recent two months (June and July 2024), traffic volumes are slightly above 2023 levels.
- The FSK Bridge Collapse Traffic & Revenue Update prepared by CDM Smith assumes that the MDTA will forgo the collection of tolls at the FSK Turnaround until the new bridge opens. Consequently, the MDTA's financial metrics are not further impacted by the proposed action.

### SUMMARY

Following the FSK Bridge Collapse, the MDTA temporarily suspended tolling the FSK Bridge Turnaround movement. The temporary suspension of the collection of tolls is needed to facilitate the safe and efficient movement of traffic and is likely needed until the new FSK Bridge is completed.

**ANALYSIS**

Prior to the FSK Bridge collapse, trucks on the Inner Loop of Interstate 695 requiring access to Broening Highway used the FSK Bridge Turnaround. For the months of June and July 2024 combined, turnaround movements increased by 5% compared to the prior year. (See the table below). Please note two months of data may not be representative of MDTA’s actual experience and therefore any estimates are estimates, preliminary, and subject to change. No tolls have been collected for the FSK turnaround movement since the bridge collapsed.

<b>FSK Turnaround: Jun-Jul 2023 vs Jun-Jul 2024</b>			
<b>2023</b>			
<b>Month</b>	<b>2 Axle</b>	<b>3+ Axle</b>	<b>Total</b>
June	6,050	7,350	13,400
July	4,692	6,747	11,439
<b>Total</b>	<b>10,742</b>	<b>14,097</b>	<b>24,839</b>
<b>2024</b>			
<b>Month</b>	<b>2 Axle</b>	<b>3+ Axle</b>	<b>Total</b>
June	5,754	5,620	11,374
July	5,600	9,189	14,789
<b>Total</b>	<b>11,354</b>	<b>14,809</b>	<b>26,163</b>
<b>Change</b>			
<b>Month</b>	<b>2 Axle</b>	<b>3+ Axle</b>	<b>Total</b>
June	(296)	(1,730)	(2,026)
	-5%	-24%	-15%
July	908	2,442	3,350
	19%	36%	29%
<b>Total</b>	<b>612</b>	<b>712</b>	<b>1,324</b>
<b>Change</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>

Although the MDTA’s Trust Agreement with its bondholders prohibits free passage, the Trust Agreement contains a limited exception whereby the temporary suspension of the collection of tolls for the efficient use and management of traffic on other portions of the highway projects in the Transportation Facilities Projects may be used in catastrophic situations like the collapse of the FSK Bridge.

The MDTA plans to put up signs by the end of summer advising motorists of the temporary suspension of tolls. MDTA staff will continue to monitor traffic, and should there be a need to reconsider this action, staff will bring a subsequent agenda item to the MDTA Board for consideration.

**RECOMMENDATION**

Approve to temporarily suspend the collection of tolls at the FSK Bridge Turnaround until the new FSK Bridge is completed.

# **TAB 7**



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## MEMORANDUM

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**TO:** MDTA Board  
**FROM:** Chief Financial Officer Deborah Sharpless, CPA  
**SUBJECT:** Remittance of Insurance Proceeds Related to the Collapse of the Key Bridge  
**DATE:** August 29, 2024

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### PURPOSE OF MEMORANDUM

To request the approval of the Maryland Transportation Authority Board to remit the full amount of the property and business interruption insurance proceeds related to the collapse of the Key Bridge to the federal government.

### KEY TAKEAWAYS

- The change in assumptions regarding the use of insurance proceeds does not materially impact the Maryland Transportation Authority's (MDTA) financial metrics. The remaining key forecast assumptions (toll revenue, operating budget, and capital budget) remain unchanged.
- Through FY 2027, the MDTA continues to remain in compliance with its financial goals and legal standards.

### SUMMARY

Consistent with the request by the Maryland Delegation and the Biden Administration that the MDTA receive 100% federal funding for the replacement of the Francis Scott Key (FSK) Bridge, there have been ongoing discussions with the federal government about the feasibility of obtaining full federal funding for eligible project costs. As a measure of good faith by the State of Maryland toward this objective and consistent with the Governor's commitment, the MDTA is recommending that the entire \$350 million of insurance proceeds be used to fully reimburse the federal government for current and future eligible bridge debris and replacement costs. Remitting the full amount of the insurance proceeds does not materially impact the MDTA's financial metrics.

**ANALYSIS**

The fiscal year 2025-2030 financial forecast was approved by the MDTA Board on June 28, 2024. At that time, the MDTA Board was advised of the assumption that \$68 million of the \$350 million in insurance proceeds could be retained by the MDTA for business interruption (\$46 million) and 10% of the eligible replacement project costs (\$22 million). In the June plan, the remaining \$282 million of insurance proceeds was to be used to reimburse the federal government for eligible project costs. The Board was also advised that consistent with the request by the Maryland Delegation and the Biden Administration, the MDTA could receive 100% federal funding for the replacement of the FSK Bridge if they were successful in negotiations with Congress. The State is continuing to engage in ongoing discussions with the federal government about the feasibility of obtaining full federal funding for eligible project costs.

To date, discussions between the State and the federal government regarding the request to obtain 100% federal funding for the FSK Replacement Bridge have been productive. In a show of good faith, partnership, and commitment toward this objective, the MDTA is recommending that the entire \$350 million of insurance proceeds (including the \$68 million that was previously assumed to be retained) be used to fully reimburse the federal government for current and future eligible bridge debris and replacement costs. (See the table below). Remitting the full amount of the insurance proceeds does not materially impact the MDTA’s financial metrics. The MDTA continues to remain in compliance with its financial goals and legal standards through FY 2027. In November, the MDTA will present an updated financial forecast for approval. This forecast will incorporate this revision and any other updates to assumptions known at the time of the forecast.

<b><u>Insurance Proceeds</u></b>		
<b>Policy Limit</b>	\$	350
<b>Repaid to Federal Government</b>		
Quick Release Funding		60
<b>Retained by MDTA (to be Remitted to FHWA)</b>		
Debris Expenses Above Quick Release	22	
Less ineligible channel costs	-12	
Business Interruption	0	
10% Eligible Project Costs	0	
Project Costs	280	
<b>Remaining</b>	\$	<u>-</u>

**RECOMMENDATION**

To approve the remittance of the full amount of the property and business interruption insurance proceeds to the federal government.

# TAB 8



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## MEMORANDUM

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**TO:** MDTA Board  
**FROM:** Deputy Director Finance Allen W. Garman  
**SUBJECT:** Investment Strategy and Benchmarks  
**DATE:** August 29, 2024

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### **PURPOSE OF MEMORANDUM**

To complete the required quarterly review of the MDTA's investment strategy and benchmarks for the period ended June 30, 2024. This item was discussed in greater detail at the August Finance and Administration Committee Meeting and the Committee Members support a continuation of the current investment strategies for all accounts.

### **KEY POINTS**

- For the trailing twelve-month period ended June 30, investments conformed to Investment Policy limitations.
- The longer duration strategies employed in certain reserves generate higher return volatility with expected higher average annual returns over multiyear periods.
- Portfolio structuring by account adhered to board approved strategy and should remain consistent, despite short-term return volatility associated with the interest rate environment.
- No changes in strategy or benchmarks are recommended.

### **INVESTMENT STRATEGY**

The Trust Agreement and Investment Policy prescribe a Matched Funding investment strategy for specific purpose accounts including Operating, Debt Service, and Capital/Construction.

Longer term strategies are permitted by the Trust Agreement for certain reserves that do not have cash flow needs. The Investment Policy's investment objectives include longer-term total return considerations for reserves. Given that the unencumbered cash balance will be held long-term, a long-term approach is prudent and supported by the Finance Committee.

The agency employs either a Matched Funding or Total Return Duration Targeted approach for certain categories of accounts.

- Of the \$861 million portfolio at the end of June, \$453 million of Match Funded accounts were invested in short-term securities with maturities of less than one year that precede or coincide with projected outflows. (Capital, Operating, Debt Service)
  - Certain investments that would normally fall under the Match Funded approach have been invested in some combination of money market mutual funds, the Maryland Local Government Investment Pool, and short-term investments with maturities preceding capital spending.
  - This strategy is in response to the inverted yield curve, increasing earnings and subjecting the accounts to minimal reinvestment risk during the short spending periods.
- The remaining \$408 million is managed for Total Return, representing long-term unrestricted reserves held in the General and M&O Reserve accounts.
  - Unrestricted reserves are managed for Total Return, with consideration of the volatility/return tradeoff associated with longer-term structures.
  - Longer duration portfolios benefit from higher average annual returns over multiyear periods and exhibit greater return volatility relative to shorter-term maturity structures.
  - Duration Targeted portfolios maintain a consistent structure and management does not attempt to time market rate changes.

The General account is benchmarked to a composite index of 1-5-year bullet agency indices. Investment maturities are generally staggered from three-months to five-years, with an effective duration target of approximately 3.0.

The smaller M&O Reserve, representing approximately 3% of assets under management, is benchmarked to a composite of 1–13-year Treasury Strip indices that approximates effective duration of a ladder portfolio of 6-month to 15-year securities. The 7.5-year average maturity structure has an associated effective duration of approximately 7.0.

The General account strategy has not changed in many years and the smaller M&O Reserve's recommended strategy has been consistent since 2020.

### **RECOMMENDATION**

Approve a continuation of the investment strategies and benchmarks for the current quarter.

# TAB 9



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**MEMORANDUM**

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**TO:** MDTA Board  
**FROM:** Deputy Director of Finance Allen W. Garman  
**SUBJECT:** Investment Policy Annual Review  
**DATE:** August 29, 2024

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**PURPOSE OF MEMORANDUM**

Complete required annual review of the Investment Policy and request Board approval. The unchanged policy was reviewed with the Finance Committee on August 8, 2024, and advanced to the full board for approval.

**KEY POINTS**

1. Investment Policy must be reviewed annually by the MTDA Board.
2. No investment policy revisions are currently recommended.
3. Conservative Investment Policy is a function of Trust Agreement legal limitations pertaining to risks.
  - a. Security Types
  - b. Credit Quality
  - c. Maturity
  - d. Concentration

**SUMMARY**

Section 4 of the Investment Policy and Article II(B)(1) of the MDTA Board Operating Policy require an annual review and approval of the Investment Management Policy. Following a recent review by the Investment Committee, no changes to the Investment Policy are currently recommended.

Key Elements	Section
Security Type Limitations	5
Maturity Limitations	6
Diversification Issuer/Sector	8
Reporting Requirements	14
Policy Violations & Downgrades	1

The MDTA has statutory authority to manage its investments separate from the monies of the State of Maryland. The agency's Trust Agreement places conservative limitations on investments that aligned with historical policy limitations of the State Treasurer's Office as a function of the Annotated Code of Maryland.

Investment strategy is driven by cash flow needs, investment policy limitations, and total return considerations. Broad investment strategy is directed by an investment committee consisting of certain members of senior management and external financial advisors. Strategy is implemented by Finance Division staff including the Deputy Director of Finance, Director of Treasury & Debt, and Investment Administrator.

Strategy, investment policy compliance, and total return performance relative to benchmark indices are reviewed monthly by the Investment/Finance Committees and reported quarterly to the full board.

### **RECOMMENDATION**

The Investment Committee requests Board approval of the annual Investment Policy review.

### **ATTACHMENT**

- Investment Policy

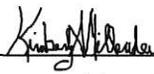


**Policy No.: MDTA 7010**  
Effective Date: August 16, 2005

Original Date: August 16, 2005  
Revised: August 31, 2023

Approved by:   
Approval Signature

Date: 9/26/2023

Approved by:   
Form and Legal Sufficiency Review, Office of Attorney General

Date: 9/25/2023

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### Investment Management

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Purpose

The purpose of this Policy is to establish guidelines for the safeguarding and efficient management of the Maryland Transportation Authority's (MDTA) cash and investments. This policy applies to all accounts, including those established under the Trust Agreement.

Reference(s)

- Title 4 of the Transportation Article, Annotated Code of Maryland (as amended)
- Title 6 of the State Finance and Procurement Article, Annotated Code of Maryland (as amended)
- Second Amended and Restated Trust Agreement between the Maryland Transportation Authority and the Bank of New York Mellon (dated as of September 1, 2007, as amended), Section 5.02 Investment of Monies, and applicable provisions of any governing trust agreements (Trust Agreements).
- Governmental Accounting Standards Board (GASB)
- Internal Revenue Code of 1986, Arbitrage Rebate Regulations (as amended)
- Uniform Commercial Code
- MDTA Board Resolution 2011-02 (Authorized Staff)

Scope:

This Policy is applicable to MDTA Finance Staff

Responsible Party:

The Chief Financial Officer (CFO) and Finance Division staff, including the Director of Treasury and Debt, are charged with ensuring compliance and conducting periodic reviews and revisions to this policy.

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### Investment Management

#### I. Prudence

- a. **Policy Statement 1.** All investment balances shall be invested with prudence considering the probable safety of the capital as well as the probable income derived.



- i. Investments and investment practices shall be in compliance with applicable provisions of the Annotated Code of Maryland and to the extent applicable to the MDTA, guidelines established by the State Treasurer and the GASB. Section 6-222 of the State Finance and Procurement Article of the Annotated Code of Maryland does not govern the investment of the MDTA's revenues. This State law applies to political subdivisions, municipal corporations and other specified governmental entities, but not to agencies or units of the government of the State of Maryland. Section 4-311 of the Transportation Article of the Annotated Code of Maryland gives the MDTA statutory authority to enter into a Trust Agreement and to pledge its revenues. Permitted investments are primarily driven by the definition of Investment Obligations contained in the Second Amended and Restated Trust Agreement dated as of September 7, 2007, with some additional consideration of any other obligations that constitute legal investments for State agencies such as the MDTA.
- ii. The CFO or the Director of Treasury and Debt Management shall report to the Finance Committee any material deviations from this policy.
- iii. The CFO or the Director of Treasury and Debt Management shall immediately report to the Finance Committee any security holding credit rating downgrade initiated by at least two Nationally Recognized Statistical Ratings Organization (NRSRO) or one NRSRO for securities with only one credit rating.

## II. Ethics

- a. **Policy Statements 2.** Employees involved in the investment process shall refrain from personal business activity that may create conflicts of interest. Furthermore, employees:
  - i. Are prohibited from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the MDTA.
  - ii. Must provide annual financial disclosures in accordance with the requirement of the State Ethics Commission, and as otherwise required by law.

## III. Delegation of Authority

- a. **Policy Statement 3.** The MDTA's power to manage investment of public MDTA funds is subject to any applicable State and federal law, including Title 4 of the Transportation Article of the Annotated Code of Maryland and Title 6 of the State Finance and Procurement Article of the Annotated Code of Maryland, the MDTA's Master Trust Agreement, Article V, Section 5.02 and applicable provisions of any other MDTA Trust Agreements.
  - i. Responsibility for the operation of the investment program has been delegated by resolution to the CFO and certain Directors of the Finance Division, who shall establish and maintain written administrative procedures and internal controls for the operation of the investment program, consistent with this Investment Policy. Such procedures shall include:
    1. Explicit designation of the person(s) responsible for investment transactions.



- a. No person may engage in an investment transaction except as provided under the terms of this policy and procedures established by the CFO.
2. To the extent not covered by this policy, procedures shall include reference to:
  - a. Safekeeping
  - b. Repurchase Agreements
  - c. Wire Transfer Agreements
  - d. Collateral Depository Agreements
  - e. Banking Service Agreements
  - f. Competitive Bidding Procedures
  - g. Cash Flow Requirements

#### **IV. Finance Committee**

- a. **Policy Statement 4.** The MDTA's Finance Committee will serve in an advisory capacity to the CFO in its periodic review of the MDTA's Investment Policy, investment strategy, practices and portfolio performance. The Finance Committee is responsible for:
  - i. Reviewing and updating the Investment Policy at least annually.
  - ii. Monitoring the investment transactions to assure that adequate controls are in place.
  - iii. Assuring that the MDTA is in compliance with the Investment Policy.
  - iv. Meeting periodically to deliberate economic outlook, portfolio diversification and maturity structure, cash flow forecasts, potential risks and the interest rate outlook.

#### **V. Allowable Investments**

- a. **Policy Statement 5.** Permitted investments include the following instruments:
  - i. U.S. Treasury Obligations - Securities issued or backed by the full faith and credit of the United States Treasury.
  - ii. Federal Agency Obligation - Securities issued by or backed by the full faith and credit of any United States Government agency or government sponsored enterprise with credit ratings in the highest category assigned to that obligor, but in no event less than the double-A category. Includes, but is not limited to:
    1. Fannie Mae
    2. Freddie Mac
    3. Federal Home Loan Bank
    4. Federal Farm Credit Bank
    5. Federal Intermediate Credit Banks
    6. Federal Land Banks
    7. Federal Bank of Cooperatives
    8. Export-Import Bank of the United States
    9. Federal Financing Bank
    10. Federal Housing Administration
    11. Farmers Home Administration
  - iii. Repurchase Agreements - The MDTA may purchase U.S. Treasury Obligations or Federal Agency Obligations under a repurchase agreement provided that the following conditions are met:

1. The term to maturity of repurchase agreements invested from accounts created by Trust Agreements shall be limited as follows:
  - a. Bond Service Subaccount - 1 year.
  - b. Reserve Subaccount - 1 year.
  - c. Capital Account (bond proceeds) - the expected period of spend out, or five years, whichever is less.
  - d. All Other Funds - 90 days.
2. The contract is fully secured by deliverable U.S. Treasury or Federal Agency obligations as described in 5i and 5ii above (without limit to maturity), having a market value at all times of a least one hundred two percent (102%) of the amount of the contract.
3. A master repurchase agreement or specific written, repurchase agreement governs the transaction.
4. The securities are held by an independent third-party custodian, acting solely as agent for the MDTA and free of any lien, provided such third party is not the seller under the repurchase agreement.
5. A perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. in such securities as created for the benefit the MDTA.
6. For repurchase agreements with terms to maturity of greater than one (1) day, the MDTA will value the collateral securities weekly and require under collateralization to be corrected within one (1) business day.
  - a. If a collateral deficiency is not corrected within this time frame, the collateral securities will be liquidated.
7. The counterparty must meet the following criteria:
  - a. Be a primary government securities dealer that reports daily to the Federal Reserve Bank of New York, or a bank, savings and loan association or diversified securities broker-dealer having \$5 billion in assets or \$500 million in capital and subject to regulation of capital standards by any state or federal regulatory agency.
  - b. Have a minimum long-term credit rating of a least single – A and a short-term rating of not less than Tier-1.
  - c. Have been in operation for a least five (5) years.
- iv. Collateralized Certificates of Deposit - The MDTA may purchase Certificates of Deposit issued by, and time deposits in, any bank or savings and loan association organized under the laws of the State, any other state of the United States or of the United States, including the Trustee; provided that such bank or savings and loan association has combined capital, surplus and undivided profits of a least \$100 million; and provided further that such Certificates of Deposit or time deposits are:
  1. Insured by the Federal Deposit Insurance Corporation.
  2. To the extent not so insured, collateralized by U.S. Treasury Obligations or Federal Agency Obligations, having a market value of a least one hundred two percent (102%) of the amount of contract.
    - a. Securities must be held by the Trustee or an independent third party acting solely as custodian on behalf of the



- MDTA, free and clear of any lien.
- b. Maturity for certificates of deposit shall be limited to a maximum maturity of one year.
- v. Banker's Acceptances - The MDTA may purchase Acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, if the following conditions are met:
1. The maturity is no greater than two hundred-seventy (270) days.
  2. The short-term paper of the issuing bank is rated no lower than Tier-1 by any two (2) NRSROs.
  3. The issuing bank has combined net capital of a least \$100 million as indicated in the most recent quarterly financial statement.
  4. The amount invested in any single bank will not exceed five percent (5%) of the total funds available for investment (based on book value on the date of acquisition).
- vi. Commercial Paper - Unsecured short-term debt of U.S. corporations may be purchased if the following conditions are met:
1. Maximum maturity of two hundred seventy (270) days.
  2. Maximum allocation to commercial paper is twenty percent (20%) of the total funds available for investment (based on book value on the data of acquisition).
  3. Maximum allocation to a single issuer is five percent (5%) of the total funds available for investment (based on book value on the date of acquisition).
  4. The issuing corporation, or its guarantor, has a net worth of at least \$50 million.
  5. At time of purchase, the issuing corporation, or its guarantor, has short-term debt ratings of not less than Tier-1 from any two (2) NRSROs and long-term debt ratings of not less than single-A.
- vii. Municipal Securities - The MDTA may purchase obligations of state or local government municipal bond issuers meeting one (1) of the following two (2) conditions:
1. Full faith and credit obligations of state or local government municipal bond issuers that are rated at the time of purchase in at least the second highest rating category by at least one (1) NRSRO.
  2. Legally defeased municipal obligations that are secured by an escrow containing either U.S. Government Agency Securities or U.S. Government Securities
- viii. Money Market Mutual Funds - The MDTA may purchase shares in open ended investment funds provided such funds are:
1. Registered under the Investment Company Act of 1940.
  2. Operated in accordance with SEC Rule 2A-7.
- Rated in the highest category by at least one (1) NRSRO.
- ix. Maryland Local Government Investment Pool - The MDTA may invest in the Pool with prior permission of the State Treasurer's Office as outlined in Article 95, Section 22G of the Annotated Code of Maryland.
- x. Supranationals – Rated in the highest category by at least one (1) NRSRO and denominated in U.S. dollars, currently limited to:
1. World Bank – International Bank for Reconstruction and

- Development (IBRD)
  2. International Finance Corporation (IFC)
  3. Inter-American Development Bank (IADB)
  4. African Development Bank (AFDB)
  5. Asian Development Bank (ASIA)
- xi. The CFO may at any time determine in writing that the MDTA temporarily, for a period determined by the CFO, shall not purchase any security or class of securities authorized in this Policy Statement.

## VI. Maturity Restrictions

- a. **Policy Statement 6.** MDTA's investment objectives include preservation of principal, liquidity, and longer-term total return performance considerations. The market value of securities in the MDTA's portfolio may fluctuate due to changes in market conditions. MDTA shall manage investments to ensure adequate funds are available when needed.
- i. In addition to the limitations and requirements of applicable provisions of the Annotated Code of Maryland and applicable guidelines established by the State Treasurer and GASB:
    1. Funds shall be invested at all times in keeping with the daily and seasonal pattern of the MDTA's cash balances, as well as any other special factors or needs, in order to assure the availability of liquid funds on a timely basis.
  - ii. Cash flow projections will be monitored and updated on an ongoing basis by MDTA personnel and reported regularly to the investment managers(s).
  - iii. On a periodic basis, a determination will be made, based on cash flow projections and total return performance considerations, regarding the appropriate maturity structures of the portfolios. The final maturity of investments held in each portfolio at the time of settlement may not exceed:
    1. Operating Accounts - 1 Year
    2. Bond Service Accounts - 1 Year
    3. Operating Reserve - 5 Years
    4. Capitalized Interest Accounts - Maturities must precede or coincide with coupon payments dates.
    5. Capital Accounts – 5 Years, or longer if the maturity precedes or coincides with the expected need for funds and only with prior approval of the CFO.
    6. General – 15 Years, or longer with prior approval of the CFO.
    7. Maintenance & Operating Reserve - 15 Years
    8. Debt Services Reserves - 15 Years

## VII. Prohibited Securities, Transactions and Activities

- a. **Policy Statement 7.** The following securities, transactions and activities are prohibited:
- i. Reverse repurchase agreements.
  - ii. Short sales (selling a specific security before it has been legally purchased).
  - iii. Borrowing funds for the sole purpose of reinvesting the proceeds of such

- borrowing.
- iv. Investing in complex derivatives such as range notes, dual index notes, inverse floating rate notes and deleveraged notes, or notes linked to lagging indices or to long-term indices.
  - v. Investing in Mortgage-Backed Securities, Collateralized Mortgage Obligations, Structured Notes, Asset-Backed Obligations, Inverse Floater, and Real Estate Mortgage Conduits (REMICS).
    - 1. As an exception to prohibited asset- and mortgage-backed securities noted in Statement 7.vi, pooled loan securities issued through the Small Business Administration (SBA Pool Securities) and backed by the full faith and credit of the United States are permitted investments.
  - vi. Investing in any security not specifically permitted by this Investment Policy.

### VIII. Diversification

- a. **Policy Statement 8.** The MDTA will diversify its holdings by security type and institution to avoid incurring unreasonable risks due to excessive concentration in specific instruments, financial institutions or issuers. Diversification standards are as follows:
  - i. Diversification by instrument as maximum percent of the portfolio:
    - 1. U.S. Treasury Obligations - 100%
    - 2. U.S. Federal Agency Obligations -100%
    - 3. Repurchase Agreements - 50%
    - 4. Bankers Acceptances - 20%
    - 5. Municipal Securities - 20%
    - 6. Money Market Mutual Funds -100%
    - 7. Maryland Local Government Investment Pool – 50%
    - 8. Collateralized Certificates of Deposit – 20%
    - 9. Commercial Paper - 20%
    - 10. SBA Pool Securities (Pool/Issue) – 5%
    - 11. Supranationals – 30%
  - ii. Diversification by individual Institution/Issuer/Poll as maximum percent of the portfolio:
    - 1. Repurchase Agreements – 40%
    - 2. Federal Agencies (Issuer) – 50%
    - 3. Commercial Banks (CD) – 5%
    - 4. Money Market Mutual Funds – 50%
    - 5. Bankers Acceptances (Institution) – 5%
    - 6. Commercial Paper (Issuer) – 5%
    - 7. Municipal Bond (Issuer) – 5%
    - 8. SBA Pool Securities (Pool/Issue) – 0.5%
    - 9. Supranational – (Issuer) – 10%

### IX. Safekeeping, Custody and Additional Requirements

- a. **Policy Statement 9.** All security transactions, including collateral for repurchase agreements, entered into by the MDTA shall be conducted on a deliver-versus-payment (DVP) basis.
  - i. Securities will be held by the MDTA or its designated custodian.

1. If held by a custodian, the securities must be in the MDTA's name or in the custodian's nominee name and identifiable on the custodian's books as belonging to the MDTA.
  - a. If held by a custodian, the custodian must be a third party, not a counterparty (buyer or seller).
    - i. The third-party requirement does not apply to excess checking account funds invested overnight in a bank "sweep" repurchase agreement or similar vehicle.
- b. **Policy Statement 10.** Collateralization is required for Certificates of Deposit and repurchase agreements.
  1. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be at least one hundred and two percent (102%) of market value of principal and accrued interest.
  2. Collateral will always be held by an independent third party with whom the Authority has a current custodial agreement.
  3. Acceptable collateral is specified under Section 6-202 of the State Finance and Procurement Article of the Annotated Code of Maryland.
  4. The third party trust custodian has the right to reject otherwise acceptable collateral based on their discretion concerning market conditions.

#### X. Internal Controls

- a. **Policy Statement 11.** The MDTA shall establish a system of internal controls to reasonably prevent loss of public funds as a result of fraud, employee error and/or imprudent action, or misrepresentation by third parties. This system will include:
  - i. An audit of the investment operation shall be part of the annual financial audit conducted by the MDTA or an outside independent audit company.
  - ii. Separation of transaction authority from accounting and record keeping.
  - iii. Avoidance of physical delivery of securities when possible.
  - iv. Clear delegation of responsibility to subordinate staff members.
  - v. Written records of all telephone transactions for investments and wire transfers.
  - vi. Development of a wire transfer agreement with lead bank or third-party custodian, as appropriate.

#### XI. Authorized Financial Dealers and Institutions

- a. **Policy Statement 12.** The MDTA shall transact securities purchases and sales only with Qualified Institutions or directly with issuers.
  - i. The MDTA shall maintain a list of financial institutions and broker/dealers that are approved for investments purposes ("Qualified Institutions").
  - ii. Direct purchases of securities from issuers are not subject to the Qualified Institutions restrictions.
  - iii. Only firms meeting the following requirements will be eligible to serve as Qualified Institutions:
    1. Primary dealers and regional dealers that qualify under Securities

- and Exchanges Commission Rule 15C3-1 (uniform net capital rule).
2. Net capital of no less than \$25 million.
  3. Registered as a dealer under the Securities Exchange Act of 1934.
  4. Member of the Financial Industry Regulatory Authority (FINRA).
  5. Registered to sell securities in Maryland.
  6. Engaged in the business of effecting transactions in U.S. government and agency obligations for at least five (5) consecutive years.
- b. **Policy Statement 13.** Qualified Institutions shall be provided with the MDTA's Investment Policy. The MDTA shall maintain on file current audited financial statements for each Qualified Institution with which the MDTA transacts business.

## **XII. Competitive Selection of Investment Instruments**

- a. **Policy Statement 14.** Whenever practical, securities shall be purchased and sold through a formal competitive process requiring the solicitation and evaluation of a least three (3) bids/offers from Qualified Institutions.
- i. Supporting records of the competitive process must be retained including the name of the financial institutions solicited, rate quoted, description of the security, investment selected, and any special considerations that had an impact on the decision.
  - ii. If the highest yielding security was not selected for purchase or if three bids/offers from Qualified Institutions are not obtained, an explanation describing the rationale will be included in this record.

## **XIII. Investment of Bond Proceeds**

- a. **Policy Statement 15.** The MDTA shall comply with all applicable sections of the Internal Revenue Code of 1986, Arbitrage Rebate Regulations (as amended) and bond trust covenants with regard to the investment of bond proceeds. The MDTA will consult with bond counsel to ensure that non-compliance is remediated in accordance with income tax regulations. Accounting records shall be maintained in a form and for a period of time sufficient to document compliance with these regulations and covenants.

## **XIV. Reporting**

- a. **Policy Statement 16.** MDTA staff shall provide the CFO with a monthly statement of transactions and holdings priced at market. At least quarterly, a report must be prepared detailing compliance with policy constraints. The report may include, but is not limited to the following:
- i. Portfolio performance versus benchmarks, analyzed on a total return basis for those funds invested pursuant to a strategy that may result in the sale of securities that are not intended to be held until maturity.
  - ii. Percentage of total portfolio by investment class and comparison to diversification limits in Policy Statement 8.
  - iii. Holding by institution/issuer/pool and comparison to diversification limits in Policy Statement 8.
  - iv. An investment plan for the next quarter-describing the target maturity



structure, duration, and asset allocation.

**XV. Definitions**

- a. For the purposes of this Policy, the following words have the following meanings:
  - i. NRSRO - Nationally Recognized Statistical Rating Organization or rating agency (e.g., Moody's, S&P, Fitch).

**XVI. Authorized/Supporting Documents**

- a. None

**XVII. Policy History**

- a. Approved 8.16.05
- b. Approved 8.10.06
- c. Approved 9.20.07
- d. Approved 12.13.07
- e. Approved 3.26.08
- f. Approved 6.12.08
- g. Approved 9.23.09
- h. Approved 11.24.10
- i. Approved 9.22.11
- j. Approved 3.23.12
- k. Approved 7.26.12
- l. Approved 8.22.13
- m. Approved 11.21.13
- n. Approved 11.20.14
- o. Approved 1.26.16
- p. Approved 8.25.16
- q. Approved 12.22.16
- r. Approved 12.21.17
- s. Approved 12.20.18
- t. Approved 12.19.19
- u. Approved 2.27.20
- v. Approved 12.17.20
- w. Approved 8.26.21
- x. Approved 8.25.22
- y. Correction 5.8.2023
- z. Approved 8.31.23

# **TAB 10**

**VERBAL**