



# Maryland Transportation Authority

FINANCE AND ADMINISTRATION  
COMMITTEE

THURSDAY, AUGUST 14, 2025

MARYLAND TRANSPORTATION  
AUTHORITY  
2310 BROENING HWY  
BALTIMORE, MD 21224



Maryland  
Transportation  
Authority

**Wes Moore, Governor**  
Aruna Miller, Lt. Governor  
Samantha J. Biddle, Chair

**Board Members:**  
Dontae Carroll  
Maricela Cordova  
William H. Cox, 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:** John von Paris, Chair  
Dontae Carroll  
Cynthia D. Penny-Ardinger  
Jeffrey Rosen

**FROM:** Chantelle Green, Director of Finance

**SUBJECT:** Finance and Administration Committee Meeting

**DATE:** August 8, 2025

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Enclosed are your materials for the Finance and Administration Committee Meeting on Thursday, August 14, 2025. The meeting will begin at 9:00 a.m. and will be conducted via Microsoft Teams. In accordance with the Open Meetings Act, the meeting information will be published on the MDTA's website to allow members of the public to observe the meeting. As a reminder, the meeting will be livestreamed.

Below please find the directions to log into the meeting:

- Open the Microsoft Teams app on your MDTA issued iPad
- Once in the app, go to the Microsoft Teams calendar
- The Finance Committee meeting will appear on the calendar for the appropriate date
- Click the button that says "Join"
- Make sure you have your Video On and your Sound on Mute unless speaking
- Your video will remain on the duration of the meeting.

If I can provide additional assistance, please email or call me at the following:

Chantelle Green  
Director of Finance  
Office: 410-537-5751  
Cell: 443-915-7739  
Email: [cgreen2@mdta.maryland.gov](mailto:cgreen2@mdta.maryland.gov)

cc: Bruce Gartner, Executive Director  
Percy Dangerfield, Chief Administrative Officer  
Deborah Sharpless, Chief Financial Officer

**ATTACHMENTS**

Informational Items:

- Rate Covenant
- Financial Report

**FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA**  
**AUGUST 14, 2025 – 9:00 a.m.**

**This meeting will be livestreamed on the [Finance and Administration Committee Meeting Archive | MDTA \(maryland.gov\)](#)**

**NOTE:** This is an Open Meeting being conducted via livestreaming. The public is welcomed to watch the meeting at the link listed above. *If you wish to comment on an agenda item please email your name, affiliation, and agenda item to [cgreen2@mdta.state.md.us](mailto:cgreen2@mdta.state.md.us) no later than noon on Wednesday, August 13, 2025. You **MUST** pre-register in order to comment.* Once you have pre-registered you will receive an email with all pertinent information.

**AGENDA**

**OPEN SESSION**

Call to Order

- |                             |   |  |         |
|-----------------------------|---|--|---------|
| 1. <b><u>Approval</u></b> – | July 10, 2025 - Open Meeting Minutes  | Chairman von Paris                               | 5 min.  |
| 2. <b><u>Approval</u></b> – | Contract No. KB-3023-0000R – Maintenance and Repair of Curtis Creek Drawbridges   | Abey Tamrat                                      | 5 min.  |
| 3. <b><u>Approval</u></b> – | Investment Committee Report – Quarterly update on the investment of MDTA’s funds  | Clayton Viehweg<br>Kevin Cullity<br>Allen Garman | 20 min. |
| 4. <b><u>Approval</u></b> - | Investment Policy – Annual Review of the MDTA’s Investment policy which establishes guidelines for the safeguarding and management of the MDTA’s cash and investments | Clayton Viehweg<br>Kevin Cullity                 | 5 min.  |
| 5. <b><u>Update</u></b> -   | Key Bridge Authorizations, Expenditures, and Reimbursements   | Bruce Gartner                                    | 5 min.  |

Vote to Adjourn

ITEM

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FINANCE AND ADMINISTRATION COMMITTEE MONTHLY MEETING  
THURSDAY, JULY 10, 2025  
OPEN MEETING VIA CONFERENCE CALL

OPEN SESSION

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

STAFF ATTENDING: Cathe Anderson  
Percy Dangerfield  
Jeffrey Davis  
David Goldsborough  
Chantelle Green  
Bruce Gartner  
Natalie Henson  
Kendra Joseph  
Christopher Karolenko  
Kimberly Millender  
Kenneth Montgomery  
Mary O'Keeffe  
Deborah Sharpless  
Tim Sheets  
Donna Singfield  
Thomas Smith  
Agnes Vadasz

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

**APPROVAL – OPEN MEETING MINUTES FROM JUNE 12, 2025 MEETING**

Member John von Paris called for the approval of the meeting minutes from the open meeting held on June 12, 2025. Member Jeffrey Rosen made the motion, and Member Cynthia Penny-Ardinger seconded the motion, which was unanimously approved.

**APPROVAL – CONTRACT NO. SV-00211398 – TACTICAL MEDICAL DIRECTOR SERVICES**

Corporal Christopher Karolenko requested a recommendation of approval from the Finance and Administration Committee to present Contract No. SV-00211398, Tactical Medical Director Services, to the full Maryland Transportation Authority (MDTA) Board at its next scheduled meeting.

Corporal Karolenko advised that this is a sole source contract to retain the services of Johns Hopkins University, Department of Emergency Medicine, Division of Special Operations, to provide 24/7 Tactical Physician Services, emergency medical consultation, and specialized Tactical Medicine training for the MDTA Police (MDTAP). The provider is responsible for furnishing all personnel, consultation access, training materials, and program oversight necessary to support MDTAP's Tactical Medical Program. The contract is for three (3) years with one (1) 2-year renewal option. The bid amount was \$429,992.50.

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 Penny-Ardinger seconded the motion, which was unanimously approved.

**APPROVAL – CONTRACT NO. J01B5600034 – MDTA POLICE TOUGHBOOKS AND TABLETS**

Mr. David Goldsborough requested a recommendation of approval from the Finance and Administration Committee to present Contract No. J01B5600034, MDTA Police Toughbooks and Tablets, to the full MDTA Board at its next scheduled meeting.

Mr. Goldsborough advised that the MDTA Department of Information Technology is seeking to enter into a fixed price contract for the one-time purchase of laptops, tablets, docking stations and warranties for use by the MDTAP. This is a small business reserve designated purchase order request for proposal that was solicited to authorized master contractors certified as small businesses under the Office of State Procurement's Desktop, Laptop and Tablet 2015 Master Contract, BPO #060B5400007. The total amount for this contract is \$485,355.30.

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 – CONTRACT NO. MT-0211460 – JANITORIAL SERVICES AT BALTIMORE HARBOR TUNNEL (BHT) AND FORT MCHENRY TUNNEL (FMT) FACILITIES**

Ms. Cathe Anderson requested a recommendation of approval from the Finance and Administration Committee to present Contract No. MT-0211460, Janitorial Services at BHT and FMT Facilities, to the full MDTA Board at its next scheduled meeting.

This is a community services contract that provides comprehensive janitorial services including supervision, supplies, labor and equipment at the Point Breeze facility by the National Center on Institutions and Alternatives. The Pricing and Selection Committee approved the rates for these services on June 26, 2025. Janitorial supplies are included in the contract total and the contract specifies that supplies be purchased from Blind Industries of Maryland, also a community services provider. The contract is for three (3) years with one (1) 2-year renewal option. The bid amount was \$1,294,500.65.

Member von Paris 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.

**APPROVAL – CONTRACT NO. MT-00211510 – ON-CALL PLUMBING AND MAINTENANCE FOR THE CENTRAL REGION**

Ms. Cathe Anderson requested a recommendation of approval from the Finance and Administration Committee to present Contract No. MT-00211510, On-Call Plumbing and Maintenance for the Central Region, to the full MDTA Board at its next scheduled meeting.

This contract is to provide on-call plumbing maintenance services for the MDTA's Central Region. The lowest responsible and responsive bidder was Patapsco Mechanical LLC. The contract is for three (3) years with one (1) 2-year renewal option. The bid amount was \$695,190.

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 Penny-Ardinger seconded the motion, which was unanimously approved.

**APPROVAL – CONTRACT NO. MT-00211428 – ON-CALL PLUMBING AND MAINTENANCE FOR THE NORTHERN REGION**

Ms. Cathe Anderson requested a recommendation of approval from the Finance and Administration Committee to present Contract No. MT-00211428, On-Call Plumbing and Maintenance for the Northern Region, to the full MDTA Board at its next scheduled meeting.

This contract is to provide on-call plumbing maintenance services for the MDTA's Northern Region. The lowest responsible and responsive bidder was Patapsco Mechanical LLC. The contract is for three (3) years with one (1) 2-year renewal option. The bid amount was \$695,190.

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 Penny-Ardinger seconded the motion, which was unanimously approved.

There being no further business, the meeting of the Finance Committee adjourned at 9:24 a.m., following a motion by Member Penny-Ardinger, and seconded by Member Carroll.

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John von Paris, Chairman

ITEM

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# Maryland Transportation Authority

**Wes Moore, Governor**  
Aruna Miller, Lt. Governor  
Samantha J. Biddle, Chair

**Board Members:**  
Dontae Carroll  
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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:** Finance and Administration Committee  
**FROM:** Abey Tamrat, Project Manager  
**SUBJECT:** KB-3023-0000R - Maintenance and Repair of Curtis Creek Drawbridges  
**DATE:** August 14, 2025

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### **PURPOSE OF MEMORANDUM**

To seek recommended approval from the Finance and Administration Committee to present Contract No. KB-3023-0000R, Maintenance and Repair of Curtis Creek Drawbridges, to the full MDTA Board at its next scheduled meeting.

### **SUMMARY**

The scope of work includes providing labor, equipment, materials, and access necessary to perform maintenance and repair of both Curtis Creek Draw Bridges. Maintenance work includes providing general housekeeping, mechanical and electrical maintenance of both draw bridges. As part of the maintenance efforts, if contractors find defects requiring repairs, it will be addressed under this contract. The lowest responsible and responsive Bidder was Florida Drawbridges, Inc.

### **RECOMMENDATION**

To obtain recommended approval by the Finance and Administration Committee to present Contract No. KB-3023-0000R, Maintenance and Repair of Curtis Creek Drawbridges, to the full MDTA Board at its next scheduled meeting.

### **ATTACHMENT**

- Finance & Administration Committee Project Summary



**FINANCE & ADMINISTRATION COMMITTEE PROJECT SUMMARY**  
**KB-3023-0000R - MAINTENANCE AND REPAIR OF CURTIS CREEK DRAWBRIDGES**

**PIN NUMBER** N/A  
**CONTRACT NUMBER** KB 3023R 316  
**CONTRACT TITLE** Repair and Maintenance for the Curtis Creek Drawbridge

**PROJECT SUMMARY** The purpose of this contract is to provide labor, equipment, materials, and access necessary to perform maintenance and repair of both Curtis Creek Draw Bridges. Maintenance work includes providing general housekeeping, mechanical and electrical maintenance of both draw bridges. As part of the maintenance efforts, if contractors find defects requiring repairs, it will be addressed under this contract.

		MBE PARTICIPATION		
		MBE PARTICIPATION - OVERALL	ADVERTISED GOAL (%)	PROPOSED GOAL (%)
<b>SCHEDULE</b>	<b>ADVERTISEMENT DATE</b>	3/25/2025	<b>OVERALL MBE</b>	21.00%
	<b>ANTICIPATED NTP DATE</b>	1/1/2026	<b>AFRICAN AMERICAN</b>	8.00%
	<b>DURATION/TERM</b>	1,095 calendar days	<b>ASIAN AMERICAN</b>	0.00%
			<b>HISPANIC AMERICAN</b>	0.00%
			<b>WOMEN</b>	11.00%
	<b>ENGINEER'S ESTIMATE</b>	<b>\$3,969,650.00</b>	<b>VSBE</b>	1.00%

<b>BID RESULTS</b>	<b>BID AMOUNT(\$)</b>	<b>CURRENT VENDOR</b>	<b>% Variance to EE</b>	<b>BID PROTEST</b>	<b>YES</b>	<b>NO</b>
Florida Drawbridges, Inc. (FDI)	\$ 3,027,500.00	No	-24%			
Cianbro Corporation	\$ 3,299,150.00	Yes	-17%			
Covington Machine & Welding, Inc.:	\$ 3,920,336.00	No	-1%			✓

ITEM

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# Maryland Transportation Authority

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Aruna Miller, Lt. Governor  
Samantha J. Biddle, Chair

**Board Members:**

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Maricela Cordova	Jeffrey S. Rosen
William H. Cox, Jr.	Samuel D. Snead, MCP, MA
Mario J. Gangemi, P.E.	John F. von Paris

Bruce Gartner, Executive Director

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## MEMORANDUM

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**TO:** Finance and Administration Committee  
**FROM:** Clayton Viehweg, Investment Administrator  
Kevin Cullity, Director Treasury & Debt  
Allen W. Garman, Deputy Director Finance  
**SUBJECT:** Quarterly Investment Report  
**DATE:** August 14, 2025

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### PURPOSE OF MEMORANDUM

Complete required quarterly review of investment report for the three-month period ended June 30, 2025. Request recommendation of the Finance and Administration Committee to present to the full Board for approval for the continuation of investment strategy and associated benchmarks.

### SUMMARY

On a quarterly basis, MDTA's Investment Committee reports to the Finance and Administration Committee on investment related activities. The Investment Committee will review market conditions, policy compliance, portfolio strategies, and total return performance. The Committee will also discuss certain market drivers that may influence portfolio performance in coming months, including the economy, fiscal policy, and Federal Reserve monetary policy.

#### Key Points

- Diversified investment portfolio remains in compliance with the Investment Policy and Trust Agreement.
- Matched Funded accounts are benefitting from higher prevailing rates for short-term instruments.
- Total Return (Duration Targeted) Investment Strategies
  - Long-term reserve account strategies should remain consistent despite periods of short-term return volatility associated with rising interest rate environments.
  - Multi-year returns for longer term reserves align with the financial forecast and approximate the starting rolling yields.

**RECOMMENDATION**

The Investment Committee requests the Finance and Administration Committee's concurrence and recommendation to move to the full board for continuation of investment strategy and benchmarks.

**ATTACHMENT**

Performance Report Finance Committee 6 30 25



Maryland  
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Authority

## **Investment Portfolio Management & Performance**

Period Ended – June 30, 2025

Meeting Date – August 14, 2025

# Agenda & Key Points

## **Agenda**

- Market Update
- Portfolio Composition & Compliance
- Strategy
- Total Return Performance
- Strategy & Benchmark Approval

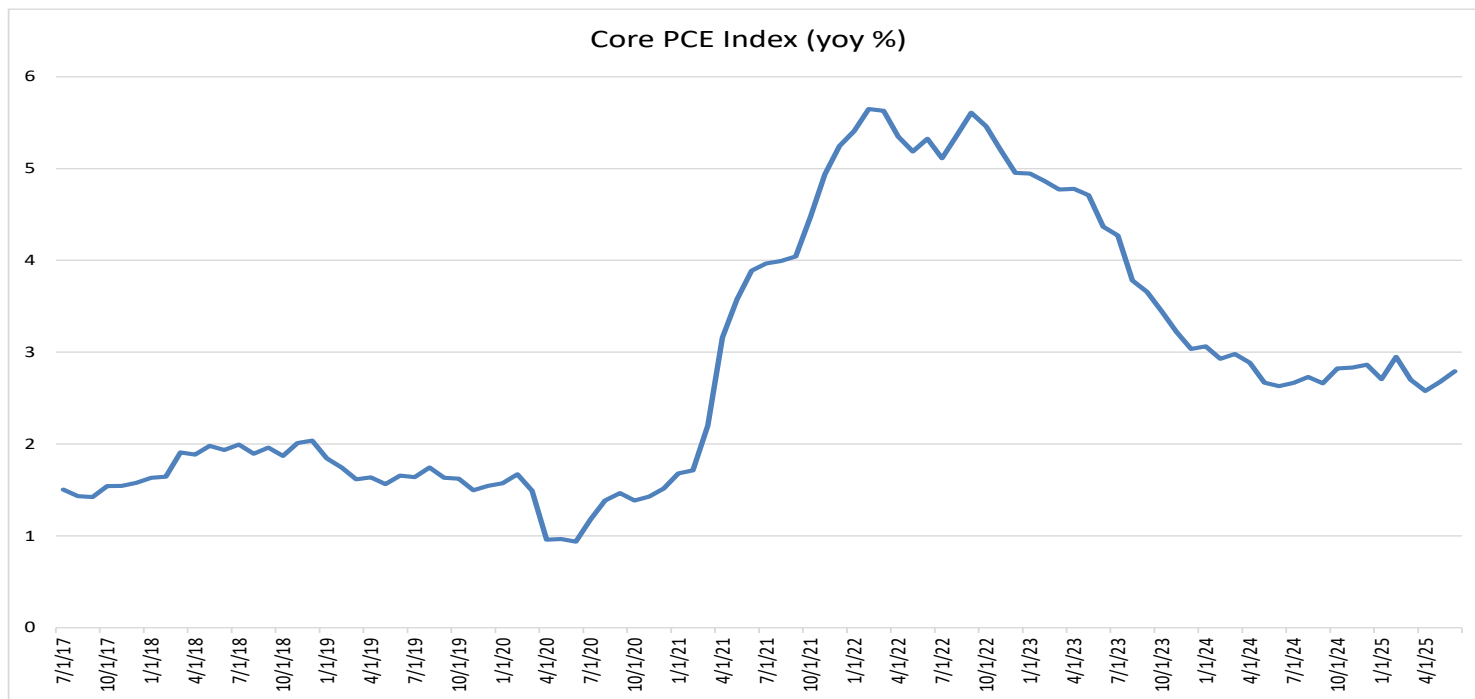
## **Key Points**

- Diversified investment portfolio remains in compliance with the Investment Policy & Trust Agreement.
- Matched Funded accounts are benefitting from higher prevailing rates for short-term instruments.
- Total Return (Duration Targeted) Investment Strategies
  - Long-term reserve account strategies should remain consistent despite periods of short-term return volatility associated with rising interest rate environments.
  - Multi-year average returns for long term reserves align with financial forecast and approximate the starting rolling yields.

# Market Update – Economy, Federal Reserve & Bond Market

- Federal Reserve's preferred measure of inflation, Core PCE, continues to show inflation moderation.
- The Fed noted at its July 30 meeting that “economic uncertainty remains elevated” and “labor market conditions remain solid while unemployment is low”. Payroll data released just two days later surprised to the downside and earlier period data was revised lower.

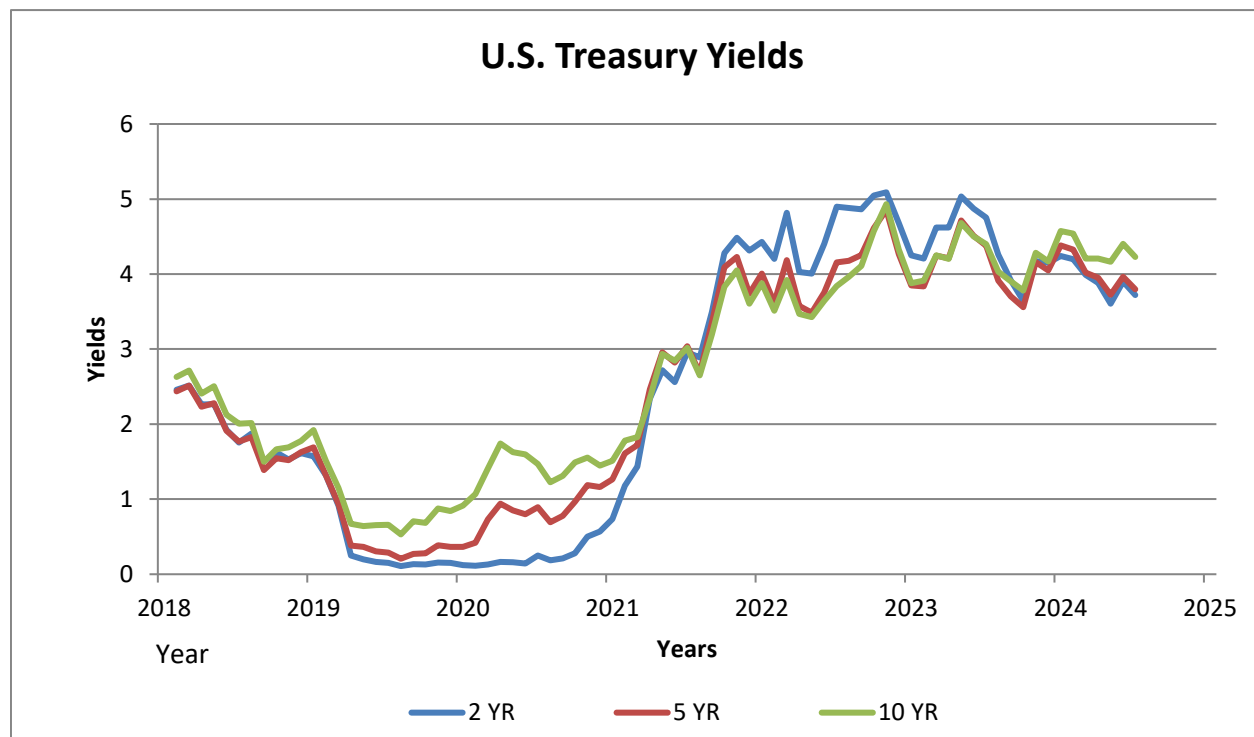
*Core Personal Consumption Expenditures Index – measures the prices paid by consumers for goods & services without the volatility caused by movements in food & energy prices to reveal underlying inflation trends.*



# Market Update – Economy, Federal Reserve & Bond Market

- **Economy:** Modest growth in spending & production, slowing but elevated inflation, employment strength

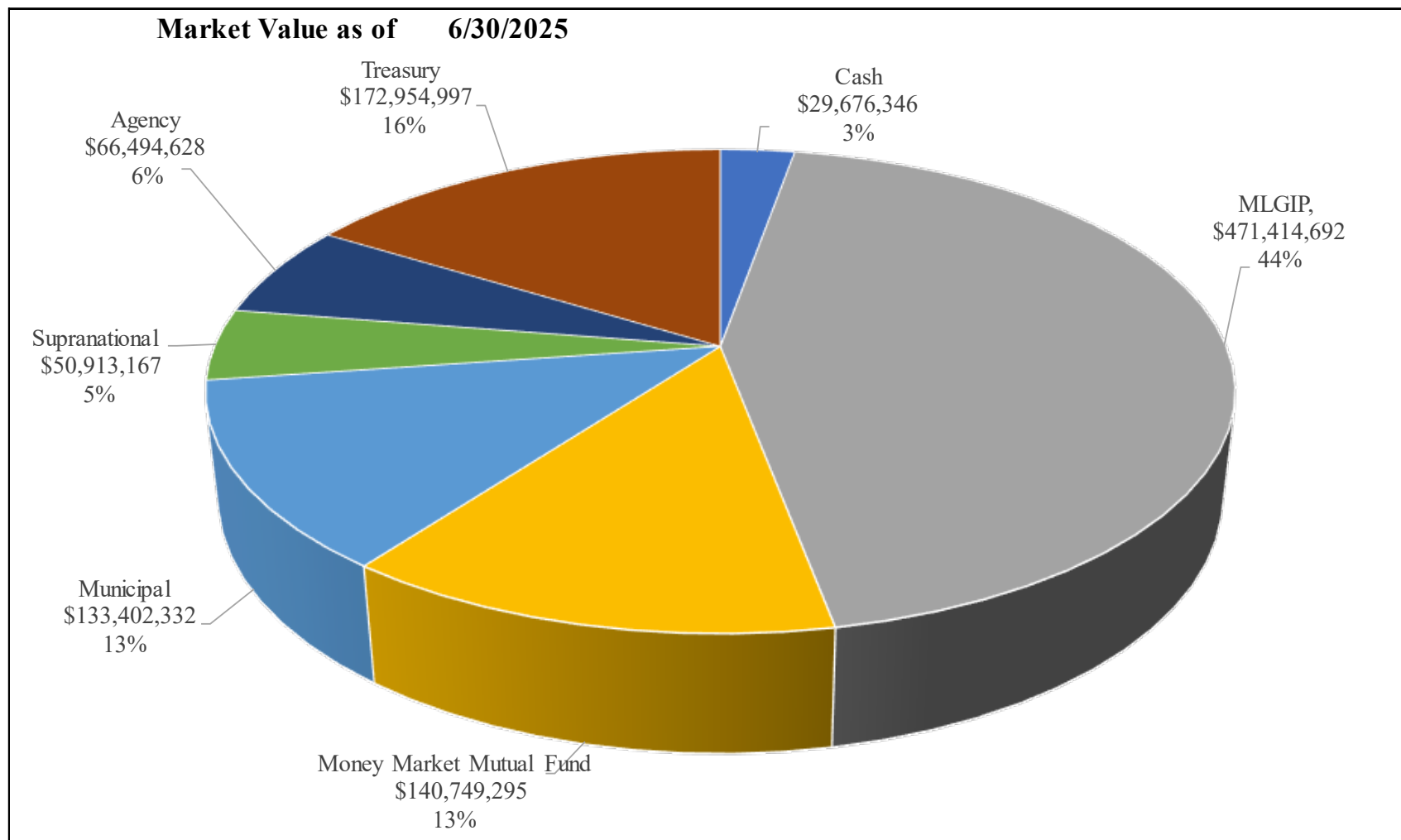
	<u>Q2 2025</u>	<u>Q1 2025</u>	<u>Q4 2024</u>	<u>Q3 2024</u>	<u>Q2 2024</u>	<u>Q1 2024</u>	<u>Q4 2023</u>	<u>Q3 2023</u>
<b>Real GDP (YOY)</b>	2.00%	2.00%	2.50%	2.70%	3.00%	2.90%	3.20%	3.20%
<b>Core PCE Inflation (YOY)</b>	2.79%	2.70%	2.86%	2.66%	2.63%	2.98%	3.04%	3.66%
<b>Unemployment</b>	4.10%	4.20%	4.10%	4.10%	4.10%	3.90%	3.80%	3.80%



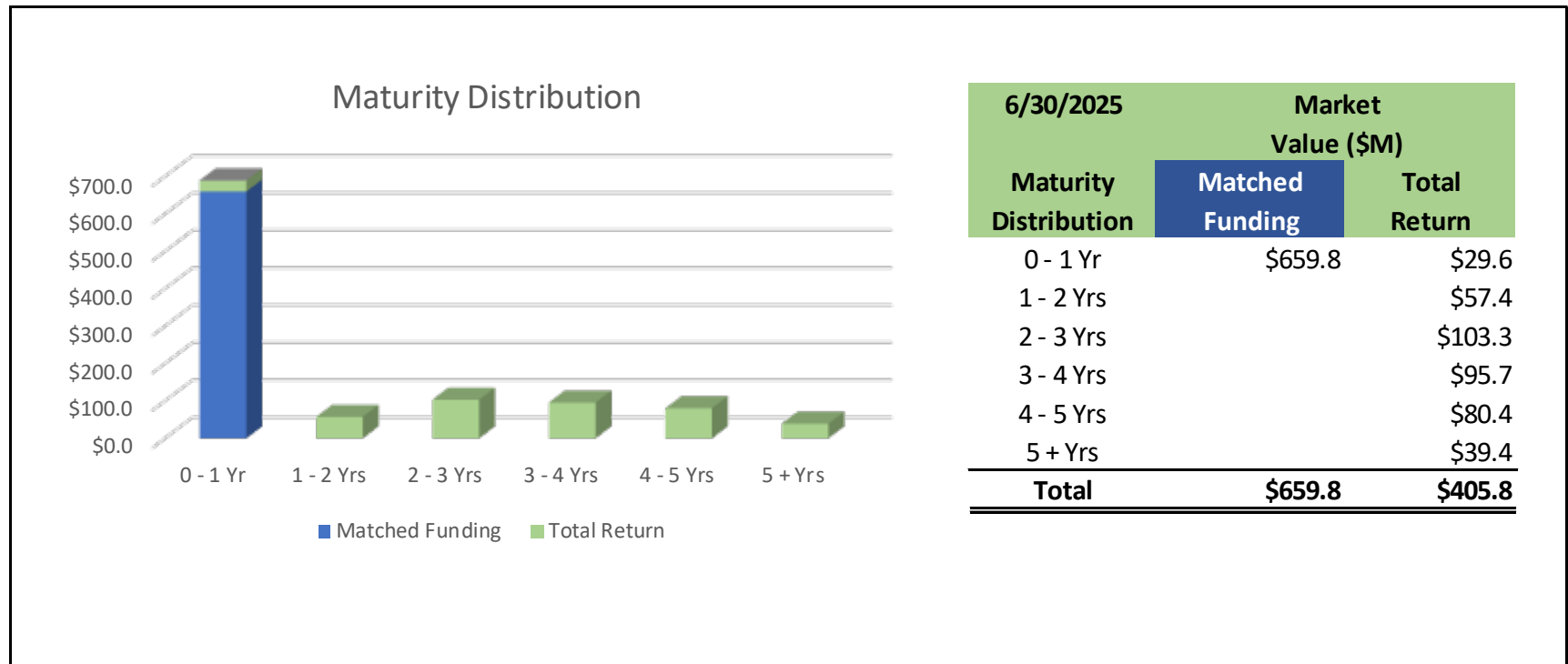
- **Federal Reserve:** The Fed remains vigilant to downside risks, with keen attention to the uncertainty surrounding tariffs & geopolitical risks.
  - The Fed has held rates steady since December 2024 after cutting 3 times in the last half of 2024 by a total of 100 basis points.
  - While the Fed continues to reduce positions in Treasuries, Agency & Agency MBS, it has slowed its monthly balance sheet reductions to \$5 billion of Treasuries & \$35 billion of Agency & Agency MBS.

## Portfolio Composition & Compliance – Security Composition

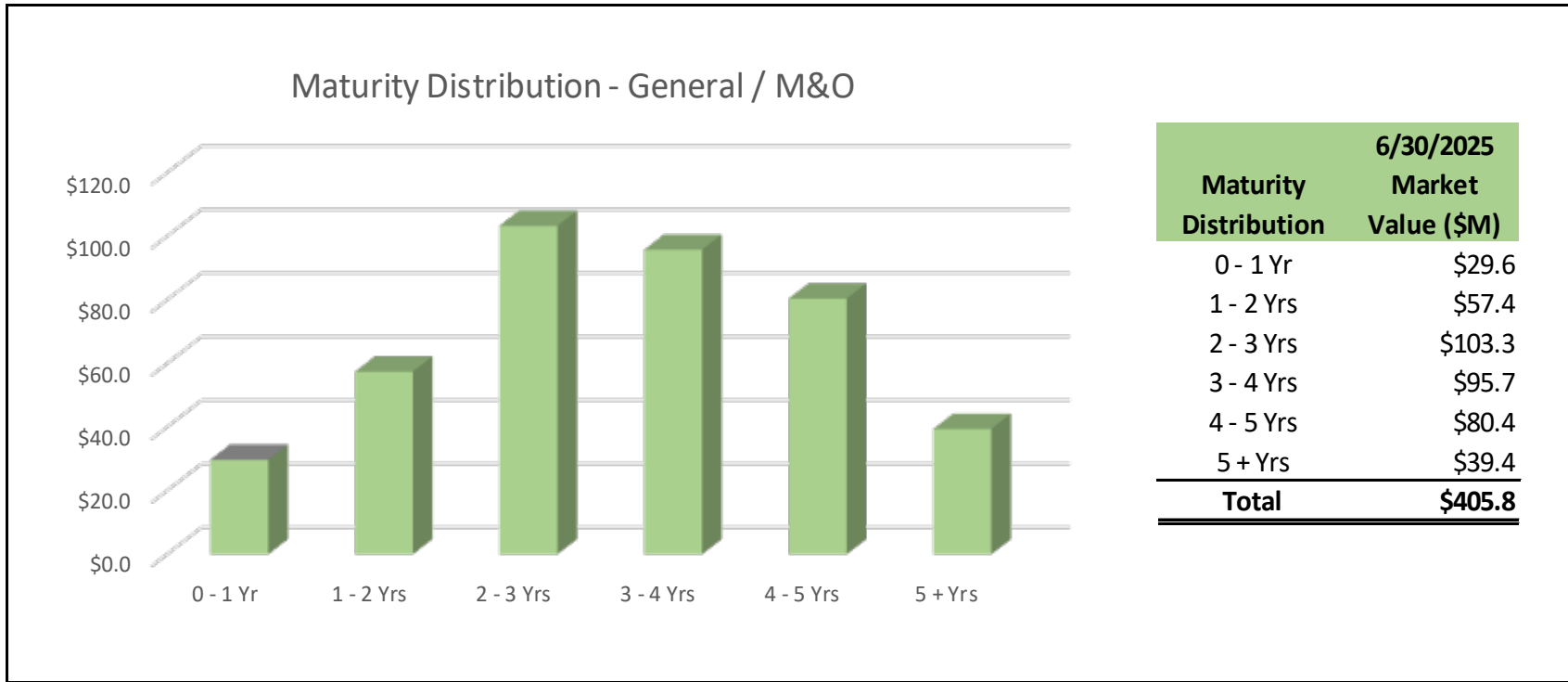
- High quality and diversified portfolio
  - Security type allocations based on:
    - Cash Flow Needs
    - Relative Value Opportunities - higher yield for similar maturities and credit risk
  - Large allocation to MLGIP given compelling rates at the short end of the yield curve.
  - Minimizing credit risks associated with ratings downgrades and/or defaults



## Portfolio Composition & Compliance – Maturity Distribution (All Accounts) <sup>6</sup>



- Match Funded accounts necessitate maturities heavily weighted within 1 year.
  - Driven by cash flow schedules for debt service, operating expenses, and capital spending.
    - Debt service: \$104.4M
    - Operating: \$29.9M
    - Capital: \$525.5M



- Total Return reserve accounts align durations with benchmark indices.
  - Dispersion of maturities reduces yield curve concentration risk & benchmark tracking error.
  - General Account: Staggered maturities, 1-month to 5-years.
  - M&O Account: Staggered maturities, 1-month to 15-years.

- | Maturity Limits   |                       | Longest Maturity<br>(# of years) | Policy Limit<br>(# of years) | Compliance<br>With Investment<br>Policy |                            |   |
|---|-----------------------|----------------------------------|------------------------------|---|----------------------------|---|
| <b>Account Types</b>  |                       |                                  |                              |   |                            |   |
| Bond Service Accounts   |                       | 0.2                              | 1                            | Yes                                     |                            |   |
| Unrestricted (General) *  |                       | 4.9                              | 5                            | Yes                                     |                            |   |
| Unrestricted (M&O)  |                       | 13.9                             | 15                           | Yes                                     |                            |   |
| * Investment Policy permits maturities to 15 years, longer if approved by CFO. Maturity Limits measured on Settlement Date basis. |                       |                                  |                              |   |                            |   |
|   | Credit Ratings<br>S&P | Moody's                          | Market Value (\$)            | Market<br>% of Total                    | Investment<br>Policy Limit | Compliance<br>With Investment<br>Policy |
| Cash  |                       |                                  | 29,676,346                   | 2.8%                                    |                            |   |
| <b>Money Market Mutual Funds</b>  |                       |                                  |                              |   |                            |   |
| - Goldman Sachs Financial Square Gov't FGTX   | AAA                   | Aaa-mf                           | 65,575,654                   | 6.2%                                    | 50%                        | Yes                                     |
| - MLGIP   | AAA                   | NR                               | 471,414,692                  | 44.2%                                   | 50%                        | Yes                                     |
| - Dreyfus Gov't Cash DGCXX  | AAA                   | Aaa-mf                           | 75,173,640                   | 7.1%                                    | 50%                        | Yes                                     |
| Sub-Total Money Market Mutual Funds   |                       |                                  | 612,163,986                  | 57.4%                                   | 100%                       | Yes                                     |
| U.S.Treasuries **   | AA+                   | Aa1                              | 172,954,997                  | 16.2%                                   | 100%                       | Yes                                     |
| <b>Federal Agencies **</b>  |                       |                                  |                              |   |                            |   |
| - Fannie Mae  | AA+                   | Aaa                              | 11,840,280                   | 1.1%                                    | 50%                        | Yes                                     |
| - Federal Farm Credit Bank  | AA+                   | Aaa                              | 45,784,471                   | 4.3%                                    | 50%                        | Yes                                     |
| - Federal Home Loan Bank  | AA+                   | Aaa                              | 8,176,888                    | 0.8%                                    | 50%                        | Yes                                     |
| - Freddie Mac   | AA+                   | Aaa                              | 692,988                      | 0.1%                                    | 50%                        | Yes                                     |
| Sub-Total Federal Agencies  |                       |                                  | 66,494,628                   | 6.2%                                    | 100%                       | Yes                                     |
| ** Includes defeased municipalities with government securities escrows.   |                       |                                  |                              |   |                            |   |

After reviewing the investment activity for the month ended June 30, 2025, we have not identified any instances of material non-compliance with the Investment Policy.

# Dealer Trade Allocation

Trade Allocation - Trailing 12 Month Period Ended 6/30/2025								
Broker Name	# Trades	% Trades	\$ Purchase	% Purchase	\$ Sale	% Sale	\$ Total	% Total
Piper Jaffray	12	18%	\$ 67,556,136	17%	\$ 8,742,610	9%	\$ 76,298,746	15%
FHN Financial	11	17%	\$ 20,747,217	5%	\$ 35,800,226	36%	\$ 56,547,443	11%
Janney Montgomery	11	17%	\$ 64,490,428	16%	\$ 18,179,599	18%	\$ 82,670,027	17%
Toyota Motor Credit [D]	8	12%	\$ 41,949,099	11%	\$ -	0%	\$ 41,949,099	8%
Jefferies & Co	7	11%	\$ 79,017,626	20%	\$ -	0%	\$ 79,017,626	16%
BNY Mellon	4	6%	\$ 36,945,674	9%	\$ 8,996,813	9%	\$ 45,942,487	9%
Wells Fargo Securities	4	6%	\$ 3,224,401	1%	\$ 14,748,003	15%	\$ 17,972,404	4%
Cantor Fitzgerald	3	5%	\$ 49,500,847	12%	\$ 13,446,045	13%	\$ 62,946,893	13%
Academy Securities	3	5%	\$ 6,768,322	2%	\$ -	0%	\$ 6,768,322	1%
ExxonMobil [D]	1	2%	\$ 20,852,353	5%	\$ -	0%	\$ 20,852,353	4%
Stifel Nicolaus	1	2%	\$ 7,311,539	2%	\$ -	0%	\$ 7,311,539	1%
Bank of America Securities	0	0%	\$ -	0%	\$ -	0%	\$ -	0%
Total	65	100%	\$ 398,363,642	100%	\$ 99,913,296	100%	\$ 498,276,938	100%

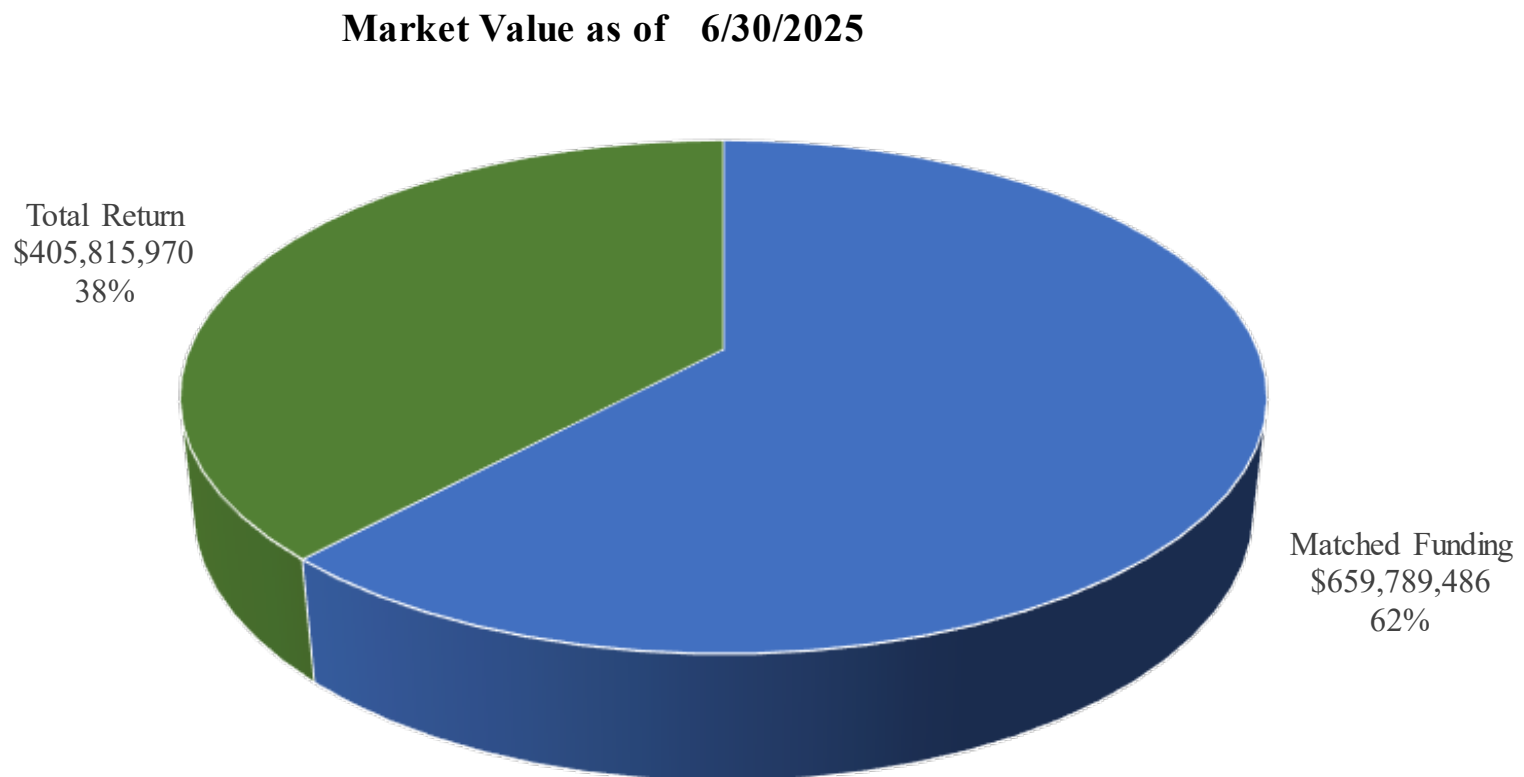
\*\*\* Broker/Dealers are reviewed annually for competitiveness by the Investment Committee. Dealer suspensions and additions may result from trailing twelve-month performance.

# Portfolio Composition & Compliance – MF and TR Proportions

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- Matched Funding accounts for Construction, Operations, and Debt Service comprise the majority of the MDTA portfolio.
  - Short-term investments matched to projected spending.
- Total Return reserves represent long-term core funds, with long investment horizons.



## Strategy – Previous & Current Quarter

- ✓ General and M&O Reserve remain in compliance with board approved strategy, approximating 100% of respective benchmark index durations.

Purpose	Strategy for Prior Quarter			Strategy for Current Quarter		
	Benchmarks	Duration	% Target	Benchmarks	Duration	% Target
Capital / Operating / Debt Long Term Reserves <sup>(1)</sup>	Matched Funding	N/A	N/A	Matched Funding	N/A	N/A
General	50% ML 1-3 YR & 50% ML 3-5 YR	~3 Yrs	102%	50% ML 1-3 YR & 50% ML 3-5 YR	~3 Yrs	98%
M&O Reserve	U.S. Treasury Strips 1-13 YR	~7 Yrs	102%	U.S. Treasury Strips 1-13 YR	~7 Yrs	100%
(1) - Unrestricted cash in the combined General & M&O Reserve that exceeds the \$400 million target is transferred to the Capital account to fund capital expenditures.						

- **Matched Funding Accounts:** Policy and Trust Agreement Directives/Limitations
  - Capital (Pay-Go & Bond Proceeds), Operating & Debt Service Accounts – Investment maturities precede or coincide with expected spending.

**Returns:** Investment returns are a function of prevailing interest rates for short-term investments such as Money Market Mutual Funds, MLGIP, Agency/Supranational Discount Notes, and Commercial Paper.

- **Total Return Accounts:** Board Approved Benchmarks
  - M&O Reserve – Staggered maturities, 0-15 years
  - General Account – Staggered maturities, 0-5-years

**Returns:** Longer duration indices benefit from higher average annual returns over multiyear periods and experience greater return volatility associated with mark-to-market relative to shorter-term duration indices.

## Strategy – Relative Value

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### **Relative Value & Benchmark Implications**

The securities contained in the current benchmark indices consist of U.S. Treasury and Government Agency debentures. MDTA's allocation to other spread sectors such as Supranational, Municipal, and Commercial should help performance longer term, but may cause short-term tracking error relative to the indices.

#### **Supranational**

- Supranational bonds were added to the Investment Policy in December 2016, with a sector limitation of 30% and a single issuer limitation of 10%.
- At times, Triple-A rated Supranational bonds, such as the World Bank, offer relative value versus comparable maturity agency debentures. Target spreads are approximately 10-15 basis points over comparable maturity agencies.

#### **Municipal**

- Municipal bonds are limited by policy to 20% of the portfolio, with a single issuer limitation of 5%.
- Triple-A taxable bonds are sought with spreads near 20 basis points relative to comparable maturity agencies.
- Municipals defeased with treasury securities are not subject to the policy limitation, as they are considered government securities. Target spreads are approximately 15 basis points over comparable maturity agencies.

#### **Commercial Paper**

- CP is limited by policy to 20% of the portfolio, with a single issuer limitation of 5%.
- Three-month Tier-1 rated CP offered a 15 bp premium to agencies at the end of the quarter.

## Strategy – Duration Targeting and Relative Value

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- **Question was raised during the last quarterly board meeting held May 29 on management's interest rate outlook.**

Several statements within the quarterly presentation materials are relevant to this question.

- 1. Duration Targeted reserves maintain consistent structures and management does not attempt to time market rate changes.**
- 2. The longer duration strategies employed in certain reserves generate higher return volatility with expected higher average annual returns over multiyear periods.**
- 3. Chosen strategies and benchmark indices represent a reasonable and prudent compromise between long-term, multiyear return/income focus and tolerance for return volatility.**

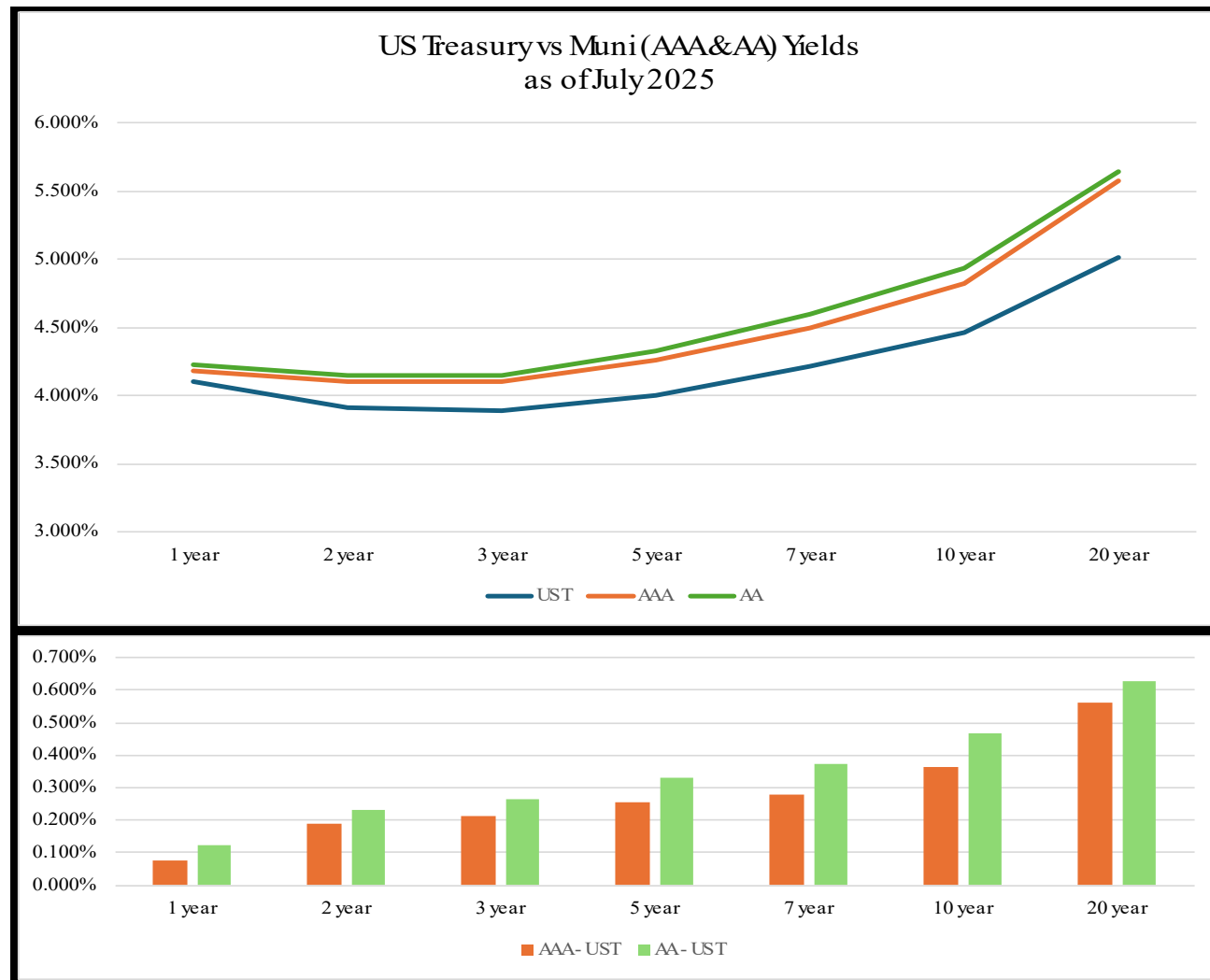
### Consistent Duration Targeted Approach – Exploits Term Structure of Interest Rates

- Management recognizes that markets and rates are unpredictable, but a consistent duration targeted approach exploits the positive yield curve slope to improve multiyear average annual returns.

### Duration Neutral Relative Value Swaps

- Swaps of similar duration and credit risk securities for higher yielding securities are a means to improve investment returns without making rate bets or altering the interest rate volatility profile of the portfolio.

- Yield differential of double- and triple-A-rated municipals versus treasuries highlights relative value added through security selection.



## Strategy – Duration Targeting

### Duration Neutral Relative Value Swaps

- Swaps of similar duration and credit risk securities for higher yielding securities are a means to improve investment returns without making rate bets or altering the interest rate volatility profile of the portfolio.
- Highlight May 29 swap of a Treasury for a Defeased Muni backed by an escrow containing Treasuries.
  - Same credit risk.
  - No material change in portfolio duration.
  - Yield pickup of 26 basis points.
- Municipal bonds are typically bought with spreads of 20 basis points over comparable duration agency/treasury securities.
  - Portfolio contains approximately \$150 million of municipal bonds bought for relative value.

	Description	Face Amount	Yield	Duration	Spread
Sale	UST 4.125% 10/31/2027	\$2,300,000	3.949%	2.27	
Purchase	CAS 4.600% 4/1/2028 **	\$2,200,000	4.162%	2.62	0.26%
Bogey	UST 3.875% 3/15/2028	N/A	3.899%	2.60	

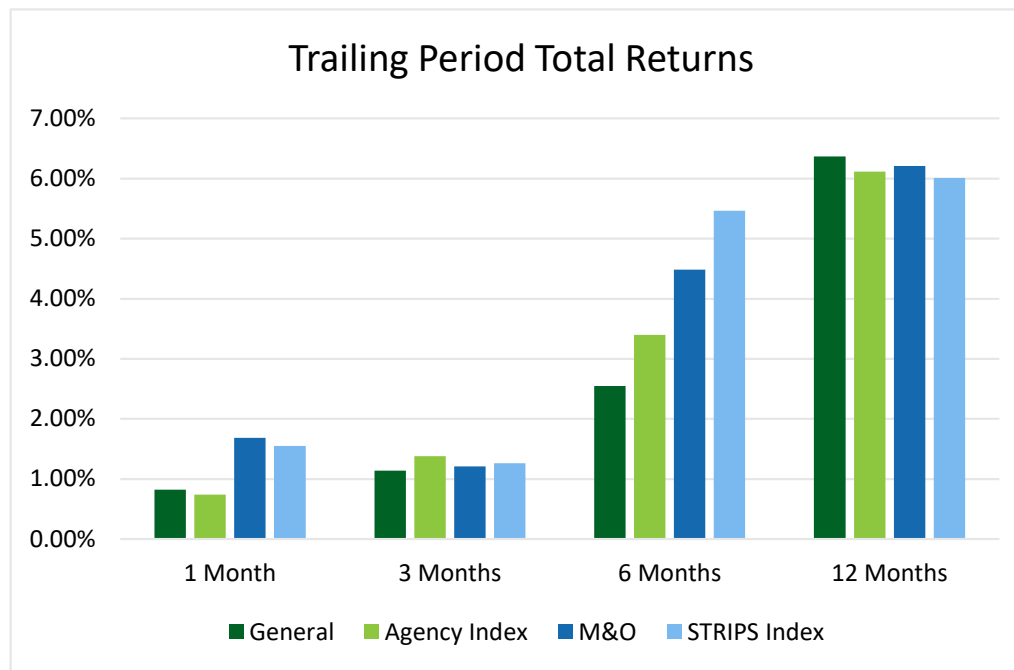
\*\* Legal final maturity is 4/1/2038; defeased to 4/1/2028.

# Total Return Performance – Matched Funding & Total Return

Total Return as of Period Ended 6/30/2025

	Trailing Period				Ending Market Value
	1 Month	3 Months	6 Months	12 Months	
<i>Combined Accounts Weighted Average</i>	0.58%	1.20%	2.68%	5.48%	\$ 1,040,434,186
<b>MATCHED FUNDING</b>					
Capital	0.35%	1.03%	2.06%	4.73%	\$ 527,013,070
Bond Service	0.36%	1.08%	2.12%	4.75%	\$ 104,620,308
<b>TOTAL RETURN</b>					
Reserves General / M&O	0.93%	1.45%	3.61%	6.35%	\$ 408,800,808
Composite Agency / STRIPS Index	0.84%	1.37%	3.67%	6.12%	

- Shorter Term Matched Funded accounts for Capital/Construction & Bond Service continue to benefit from higher short-term interest rates.
- Longer Duration Reserves – interest rate volatility results in market value changes that drive total returns higher or lower than prevailing market yields.
  - Falling interest rates drove mark-to-market price increases.
- Note: Table provides weighted returns for the combined M&O / General accounts & the respective indices. Graph shows individual portfolio total returns.



**The Investment Committee requests the Finance and Administration Committee's Concurrence and Recommendation to move to the full Board for approval of the continuation of investment strategy/benchmarks.**

ITEM

4



# Maryland Transportation Authority

**Wes Moore, Governor**  
Aruna Miller, Lt. Governor  
Samantha J. Biddle, Chair

**Board Members:**

Dontae Carroll	Cynthia D. Penny-Ardinger
Maricela Cordova	Jeffrey S. Rosen
William H. Cox, Jr.	Samuel D. Snead, MCP MA
Mario J. Gangemi, P.E.	John F. von Paris

Bruce Gartner, Executive Director

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## MEMORANDUM

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**TO:** Finance & Administration Committee  
**FROM:** Clayton D. Viehweg, Investment Administrator  
Kevin Cullity, Director of Treasury & Debt  
Allen W. Garman, Deputy Director Treasury  
**SUBJECT:** Investment Policy – Annual Review and Proposed Changes  
**DATE:** August 14, 2025

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### PURPOSE OF MEMORANDUM

Complete required annual review of the Investment Policy and request recommendation of the Finance & Administration Committee to present to the full Board for approval of the proposed changes.

### SUMMARY

Following a recent review by the Investment Committee modest changes to the Investment Policy are currently recommended. The proposed changes are aimed at removing outdated references and aligning the MDTA Investment Policy to that of the State Treasurer's Office. The proposed changes include:

1. Delete securities issuers listed under Federal Agency Obligations Section V. Allowable Investments. None are active issuers in the market, do not have sufficient liquidity, or even no longer exist.
2. Delete Banker's Acceptances in Section V. Allowable Investments. This sector of the market has experienced significant declines in outstanding since the peak in the 1980s. References to Banker's Acceptances have also been deleted under Section VIII. Diversification.
3. Replace the language in Section V. Allowable Investments limiting purchase of securities of specifically listed Supranational issuers to language consistent with what is included in the Investment Policy of the State of Maryland. Reference to a broader set of Supranational issuers is prudent in the face of their high credit ratings and additional diversification benefits.
4. Delete reference to the Operating Reserve Account under Section VI. Maturity Restrictions. This is an Account that no longer exists as it has been consolidated with the General Account.

Investment Policy – Annual Review and Proposed Changes  
Page Two

The key sections of the policy are noted in the table below.

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

**RECOMMENDATION**

Management requests the Finance and Administration Committee's concurrence and recommendation to move to the full board for approval of the revised Investment Policy.

**ATTACHMENT**

Investment Policy 2025 – DRAFT

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

Original Date: August 16, 2005  
Revised: August 29, 2024

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_  
Approval Signature

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

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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.v.~~ vi.v. 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 date 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.vi.~~ vii.vi. 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.vii.~~ viii.vii. 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.viii.~~ ix.viii. 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.ix.~~ x.ix. Supranationals - Rated in the highest category by at least one (1) NRSRO and denominated in U.S. dollars, include but not 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-x.~~ 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~~
    - ~~4.3.~~ Capitalized Interest Accounts - Maturities must precede or coincide with coupon payments dates.
    - ~~5.4.~~ 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.
    - ~~6.5.~~ General – 15 Years, or longer with prior approval of the CFO.
    - ~~7.6.~~ Maintenance & Operating Reserve - 15 Years.
    - ~~8.7.~~ 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 leveraged 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%~~
    - ~~5.4. Municipal Securities - 20%~~
    - ~~6.5. Money Market Mutual Funds -100%~~
    - ~~7.6. Maryland Local Government Investment Pool – 50%~~
    - ~~8.7. Collateralized Certificates of Deposit – 20%~~
    - ~~9.8. Commercial Paper - 20%~~
    - ~~10.9. SBA Pool Securities (Pool/Issue) – 5%~~
    - ~~11.10. 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%~~
    - ~~6.5. Commercial Paper (Issuer) – 5%~~
    - ~~7.6. Municipal Bond (Issuer) – 5%~~
    - ~~8.7. SBA Pool Securities (Pool/Issue) – 0.5%~~
    - ~~9.8. 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 at 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
- aa. Approved 8.29.24

ITEM

5



# Maryland Transportation Authority

**Wes Moore, Governor**  
Aruna Miller, Lt. Governor  
Samantha J. Biddle, Chair

**Board Members:**

Dontae Carroll	Cynthia D. Penny-Ardinger
Maricela Cordova	Jeffrey S. Rosen
William H. Cox, Jr.	Samuel D. Snead, MCP, MA
Mario J. Gangemi, P.E.	John F. von Paris

Bruce Gartner, Executive Director

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## MEMORANDUM

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**TO:** Finance and Administration Committee  
**FROM:** Executive Director Bruce Gartner  
**SUBJECT:** Key Bridge Authorizations, Expenditures, and Reimbursements  
**DATE:** August 14, 2025

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### **PURPOSE OF MEMORANDUM**

To provide the Finance and Administration Committee with an update regarding Francis Scott Key (Key) Bridge Rebuild funding authorizations, expenditures, and reimbursements.

### **KEY TAKEAWAYS**

- So far, the Maryland Transportation Authority (MDTA) Board has authorized \$421 million in funding for the construction of the Key Bridge Rebuild.
- Based on preliminary closeout figures, as of June 30, 2025, \$147.9 million in State Funds (MDTA and State Highway Administration) were spent for the Key Bridge Rebuild Project. This includes costs for the initial salvage and debris removal efforts, as well as the permanent rebuilding of the Key Bridge. Except for certain ineligible project costs, these costs are expected to be covered by insurance proceeds, offsetting revenue (material recycling), or federal funds.
- To date, a total of \$60 million in Federal Highway Administration (FHWA) Quick Release Emergency Relief (ER) funds have been made available to the project. Of the \$60 million in FHWA ER funds, \$20.7 million has been used to reimburse federally eligible project costs. Additionally, \$25 million in eligible salvage and debris project costs have been applied toward insurance proceeds. There are currently \$33.3 million in expenses under review for FHWA ER funding eligibility and \$42.4 million in expenses under review for insurance proceeds and recycling revenue eligibility.

## **SUMMARY**

To date, the MDTA Board has authorized \$421 million in funding for the construction of the Key Bridge Rebuild. As shown in the table below, most of the work authorized has been for the not-to-exceed advance work packages.

<b>Procurement</b>	<b>Date</b>	<b>Description</b>	<b>Amount Authorized</b>
Award	8/29/24	Phase 1 – Project Development Services	\$73,000,000
Change Order 1	1/28/25	Test Pile Procurement	10,604,457
Change Order 2	4/24/25	Load Test Program	32,352,283
Change Order 3	7/31/25	Funding to achieve 70% design	55,000,000
Contract Modification #1	5/29/25	Phase 2 Early Work Packages (Not-to-Exceed Amount)	250,000,000
		<b>Total</b>	<b>\$420,956,740</b>

## **Key Bridge Rebuild Expenditures**

As shown in the table below, based on preliminary closeout figures, as of June 30, 2025, \$147.9 million in State funds were spent for the Key Bridge Rebuild Project. This includes costs incurred by both the MDTA and the State Highway Administration for the initial salvage and debris removal efforts, as well as for the permanent rebuilding of the Key Bridge. These costs are expected to be covered by insurance proceeds, offsetting revenue (material recycling), or federal funds, except for certain ineligible main channel debris removal costs. For federally eligible project costs that will ultimately be paid for with federal funds, non-federal funding sources will be used to initially fund project expenses and manage cash flow requirements until federal reimbursement for those costs is received.

<b>Cost Component</b>	<b>Spend-to-Date</b>
Salvage & Debris Removal	\$77,424,449
Progressive Design Build Contract Phase I	58,106,386
General Engineering Contracts	10,586,737
Other Consultant & State Costs	891,343
MDTA & SHA Staffing Costs	843,030
<b>Total</b>	<b>\$147,851,946</b>

FHWA ER Funds

As shown in the table below, a total of \$60 million in FHWA Quick Release ER funds have been made available to the project. Of this amount, \$20.7 million has been used to reimburse the MDTA for federally eligible project costs. Currently, the MDTA has \$33.3 million in eligible project costs under review for FHWA ER funding availability.

Invoice Date	Description	Funding Source	Invoiced Amount	Date Payment Received
12/12/2024	Salvage and Debris Removal Contractor Costs	FHWA Release ER Funds	\$10,000,000	12/14/2024
4/4/2025	Kiewit Rebuild Contractor Costs (Invoices 1-4)	FHWA Release ER Funds	\$10,698,900	4/30/2025
<b>Total FHWA ER Funds</b>			<b>\$20,698,900</b>	

Insurance Proceeds and Recycling Revenue

The MDTA will be applying the full \$350 million in insurance proceeds (plus interest) and a portion (\$2.9 million) of the \$4.2 million received in recycling revenue toward federally eligible project costs. The remaining \$1.3 million in recycling revenue will be applied toward project costs that are ineligible for federal funding. As shown in the table below, \$25 million in eligible salvage and debris removal project costs have already been applied toward insurance proceeds. Currently, the MDTA has \$42.4 million in federally eligible project costs under review for insurance proceeds and recycling revenue funding eligibility.

Invoice Date	Description	Funding Source	Invoiced Amount	Date Funding Released
12/10/2024	Salvage and Debris Removal Contractor Costs	Insurance Proceeds	\$25,000,000	12/11/2024

# INFORMATIONAL ITEMS

## **MDTA BOARD INFORMATIONAL ITEM**

### **Rate Covenant Coverage Projections**

June 30, 2025

#### **PURPOSE**

To review the projected fiscal year 2025 Rate Covenant compliance based on the most recent available toll revenue data, other revenue estimates, and budgeted expenditures.

#### **FORECAST ASSUMPTIONS**

Projected fiscal 2025 Rate Covenant coverage is based on forecasted net operating revenue and refinements as a function of realized traffic and revenues during the fiscal year.

#### **FY 2024 PROJECTION OF RATE COVENANT COMPLIANCE**

Rate Covenant compliance is estimated at 2.3 times coverage for fiscal 2025 versus the legal mandate of 1.0 times (based on 1.20 times coverage for debt service and 100% of the M&O budgeted deposits). The M&O account began the fiscal year at the reserve level target of \$50 million, therefore no transfers have been budgeted. Fiscal 2025 debt service coverage is estimated at 2.9 times versus the 2.0 times coverage goal. Fiscal 2025 debt service of \$144.5 million is projected to rise to \$237.6 million at the end of the six-year CTP period in fiscal 2030.

The attached chart shows that for fiscal 2025 the MDTA can withstand a decline in revenues of \$226 million or conversely an increase in expenditures of that amount, and still meet the legal Rate Covenant requirement. The chart shows the Cushion on row C as the difference between Net Revenues on row A and the Legal Requirement on row B.

#### **ATTACHMENT**

Rate Covenant FY 2025 - Projected

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*Yaw Berkoh, Debt Administrator*

## Projected Rate Covenant FY 2025 - Based on FYTD Revenues

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 Projected	Notes:
<b>Revenues</b>							<i>Revenues less Hatem Bridge, plus ETL &amp; ICC.</i>
Toll Revenues	\$ 563,334,804	\$ 468,604,801	\$ 786,747,125	\$ 735,542,080	\$ 761,199,736	\$ 734,663,052	<i>Based on YTD annualized.</i>
Concession & Fee Revenues	50,834,856	33,804,958	15,814,972	70,750,631	50,744,441	57,865,910	<i>Estimated.</i>
Operating Investment Income	-	-	-	-	-	-	<i>No longer applicable.</i>
Gross Revenues	\$ 614,169,660	\$ 502,409,759	\$ 802,562,097	\$ 806,292,711	\$ 811,944,177	\$ 792,528,963	
<b>Expenses</b>							<i>Expenses exclude Hatem, Port &amp; BWI Police.</i>
Operating	\$ 216,481,527	\$ 258,714,219	\$ 291,465,317	\$ 319,206,937	\$ 361,487,000	\$ 390,977,460	
General & Administrative	51,948,781	58,399,778	29,943,085	32,793,063	2,075,240	2,244,540	
Total Expenses	\$ 268,430,308	\$ 317,113,997	\$ 321,408,402	\$ 352,000,000	\$ 363,562,240	\$ 393,222,000	
<b>A Net Revenues, Rate Covenant Coverage</b>	\$ 345,739,352	\$ 185,295,763	\$ 481,153,695	\$ 454,292,711	\$ 448,381,937	\$ 399,306,963	
Hatem Bridge Net Revenues	10,260,896	16,686,345	16,262,337	7,760,000	15,565,228	11,544,000	
Investment Income	23,640,047	1,184,224	(19,157,000)	6,725,656	45,543,000	7,418,976	
<b>Net Revenues, Debt Service Coverage <sup>1</sup></b>	\$ 379,640,295	\$ 203,166,332	\$ 478,259,032	\$ 468,778,367	\$ 509,490,165	\$ 418,269,939	
Debt Service	\$ 91,281,948	\$ 61,715,979	\$ 104,918,844	\$ 137,753,132	\$ 142,877,441	\$ 144,450,488	
120% Annual Debt Service	\$ 109,538,338	\$ 74,059,174	\$ 125,902,613	\$ 165,303,759	\$ 171,452,929	\$ 173,340,586	
Budgeted Deposit Amount <sup>2</sup>	-	-	-	-	-	-	
<b>B Legal Requirement</b>	\$ 109,538,338	\$ 74,059,174	\$ 125,902,613	\$ 165,303,759	\$ 171,452,929	\$ 173,340,586	
<b>C Cushion</b>	\$ 236,201,014	\$ 111,236,589	\$ 355,251,082	\$ 288,988,952	\$ 276,929,008	\$ 225,966,377	
<b>Rate Covenant</b>	<b>3.2</b>	<b>2.5</b>	<b>3.8</b>	<b>2.7</b>	<b>2.6</b>	<b>2.3</b>	
<b>Debt Service Coverage</b>	<b>4.2</b>	<b>3.3</b>	<b>4.6</b>	<b>3.4</b>	<b>3.6</b>	<b>2.9</b>	

(1) Net Revenues used for Debt Service Coverage includes Hatem Bridge Net Revenues and Investment Income that are not included in the Rate Covenant calculation.

(2) Annual M&O Budget is based on the M&O portion of the CTP, with the minimum reserve funding level to be maintained at approximately \$50 million.

**MARYLAND TRANSPORTATION AUTHORITY  
FINANCIAL REPORT**

**June 2025**

<b>Operating Budget Status</b>		
Approved FY 2025 Budget	\$	434,062,646
Adjustments	\$	7,300,000
Adjusted Budget	\$	441,362,646
Budget Spending Guideline - June (prelim)		100.0%
FY 25 Expenditures as of 06/30/25 (prelim)	\$	420,977,836
Percent of Budget Spent		95.4%
Approved FY 2024 Budget	\$	485,100
FY 24 Final Expenditures	\$	454,198,018
Percent of Budget Spent		93.6%

<b>Toll Revenue Comparison (In-Lane Revenue)</b>		<b>Preliminary*</b>
<b>Historical Revenue Comparison (Legacy Facilities):</b>		
Twelve Months Ending June 2025	\$	601,033,099
Twelve Months Ending June 2024	\$	628,677,085
% Revenue Change		-4.40%
<b>Projected Revenue Comparison (Legacy):</b>		
Twelve Months Ending June 2025	\$	601,033,099
Forecast through June 2025	\$	605,713,992
% Revenue Change		-0.77%
<b>Revenue - ICC</b>		
Twelve Months Ending June 2025	\$	74,571,614
Forecast through June 2025	\$	70,838,065
% Revenue Change		5.27%
<b>Revenue - ETL</b>		
Twelve Months Ending June 2025	\$	18,464,916
Forecast through June 2025	\$	16,999,409
% Revenue Change		8.62%
<b>* Data is preliminary</b>		
<b>Coverage Ratios</b>		
Debt Service Coverage (2.0 minimum):		
Estimate FYE 6/30/2025		2.9
Actual FYE 6/30/2024		3.6
Rate Covenant Compliance (1.0 minimum):		
Estimate FYE 6/30/2025		2.3
Actual FYE 6/30/2024		2.6

<b>Investment Balances</b>	
6/30/2025	
<b>Transportation Authority</b>	
<b>Unrestricted</b>	
Checking Account Cash	\$ 29,866,475
General	\$ 353,902,008
M&O	\$ 51,913,962
Capital (Cash Funded)	\$ 525,475,511
<b>Total Unrestricted</b>	\$ 961,157,956
<b>Restricted</b>	
Capital/Construction	\$ 7,531
Debt Service & Debt Service Reserves	\$ 104,439,969
<b>Total Restricted</b>	\$ 104,447,500
Total Restricted and Unrestricted	\$ 1,065,605,456
<b>Non-Recourse</b>	
Capital, Revenue, Debt Service, DSRs	\$ 126,606,077
<b>Outstanding Debt</b>	
6/30/2025	
<b>Toll Revenue Backed Debt</b>	
Toll Revenue Bonds	\$ 2,074,322,771
Statutory Debt Limit	\$ 4,000,000,000
Unused Debt Capacity	\$ 1,925,677,229
<b>Non-Recourse Issues</b>	
BWI Rental Car Facility Series 2002	\$ 54,910,000
BWI PFC Series 2012 A	\$ 22,970,000
BWI PFC Series 2012 B	\$ 15,340,000
BWI PFC Series 2014	\$ 22,190,000
BWI PFC Series 2019	\$ 88,705,000
Calvert Street Parking Refunding Series 2015	\$ 9,992,000