



Maryland Transportation Authority

BOARD MEETING

THURSDAY, AUGUST 28, 2025

MARYLAND TRANSPORTATION AUTHORITY
2310 BROENING HIGHWAY
2ND FLOOR TRAINING ROOM
BALTIMORE, MD 21224

IN-PERSON AND LIVESTREAM



MARYLAND TRANSPORTATION AUTHORITY BOARD MEETING

2310 Broening Highway * 2nd Floor Training Room * Baltimore, MD 21224

AUGUST 28, 2025 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 welcome 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 no later than 5:00 p.m. on Tuesday, August 26. You **MUST** pre-register and attend the meeting in person to comment.* Once pre-registered, all pertinent information will be emailed to you.

AGENDA

OPEN SESSION – 9:00 AM

Call Meeting to Order

- | | | |
|---|---------------|---------|
| 1. <u>Approval</u> – <u>Open Session Meeting Minutes of July 31, 2025</u> | Chair | 5 min. |
| 2. <u>Approval</u> – <u>Closed Session Meeting Minutes of July 31, 2025</u> | Chair | 5 min. |
| 3. <u>Approval</u> – <u>Contract Award</u> <ul style="list-style-type: none">• KB-3023-0000R – Maintenance and Repair of Curtis Creek Drawbridges | Jeffrey Davis | 5 min. |
| 4. <u>Update</u> – <u>All Open Contracts</u> – Procurement Update on All Open Contracts | Jeffrey Davis | 5 min. |
| 5. <u>Approval</u> – <u>Quarterly Review of Investment Strategy</u> – Approval to Continue with Current Investment Strategy | Allen Garman | 10 min. |
| 6. <u>Approval</u> – <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. |
| 7. <u>Update</u> – <u>Executive Director's Report</u> – Verbal | Bruce Gartner | 10 min. |

Vote to Adjourn Meeting

TAB 1

MARYLAND TRANSPORTATION AUTHORITY
BOARD MEETING

THURSDAY, JULY 31, 2025
9:00 A.M.

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

OPEN SESSION

Paul J. Wiedefeld, Chairman

MEMBERS ATTENDING:

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

STAFF ATTENDING:

Percy Dangerfield
Bruce Gartner
Chantelle Green
Pilar Helm
Natalie Henson
Evan Howard
Richard Jaramillo
Jim Loukas
Kimberly Millender, Esq.
Megan Mohan
Mary O'Keeffe
Jason Pulliam
Col. Joseph Scott
Deborah Sharpless
Bradley Tanner
Patricia Tracey
Brian Wolfe

OTHERS ATTENDING:

Samantha J. Biddle, Deputy Secretary, MDOT
Cheryl Dickinson, Retired Employee, MDTA
Jaclyn Hartman, Assistant Secretary, MDOT

At 9:00 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 26, 2025

Upon motion by Member William H. Cox, Jr. and seconded by Member Dontae Carroll, the open session meeting minutes of the MDTA Board meeting held on June 26, 2025 were unanimously approved.

RESOLUTION – YEARS OF SERVICE RECOGNITION

Mr. Bruce Gartner read and presented the Years of Service Recognition Resolution for Ms. Cheryl Dickinson. On the occasion of Ms. Dickinson's retirement from her distinguished career of service, the Chairman and Members of the Maryland Transportation Authority Board hereby express to her their most sincere appreciation for her excellence and commitment.

APPROVAL – CONTRACT AWARDS

- **SV-00211398 – Tactical Medical Director Services**

Ms. Patricia Tracey requested approval from the MDTA Board to execute Contract No. SV-00211398 – Tactical Medical Director Services with Johns Hopkins University School of Medicine in the amount of \$429,992.50.

Ms. Tracey explained that the purpose of the project is 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 MDTA Police. The provider shall furnish all personnel, consultation access, training materials, and program oversight necessary to support MDTAP's Tactical Medical Program.

This contract is for a base term of three (3) years and a single two-year renewal option for a total of \$429,992.50 over five (5) years. As this contract exceeds the MDTA's delegated authority, the award of this contract would be pending approval at the next available BPW meeting.

Upon motion by Member Jeffrey S. Rosen and seconded by Member Cynthia D. Penny-Ardinger, the Members unanimously approved Contract No. SV-00211398 – Tactical Medical Director Services.

- **MT-00211460 – Janitorial Services for MDTA's Baltimore Harbor Tunnel (BHT) and Fort McHenry Tunnel (FMT) Facilities**

Ms. Patricia Tracey requested approval from the MDTA Board to execute Contract No. MT-00211460 – Janitorial Services for MDTA's Baltimore Harbor Tunnel (BHT) and Fort McHenry Tunnel (FMT) Facilities with National Centers on Institutions and Alternatives (NCIA) in the bid amount of \$1,294,500.65.

Ms. Tracey explained that this Community Services contract provides comprehensive janitorial services including supervision, supplies, labor, and equipment at the BHT and FMT facilities by NCIA. 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.

This contract is for a base term of three (3) years and a single two-year renewal option for a total \$1,294,500.65 over five (5) years. As this contract exceeds the MDTA's delegated authority, the award of this contract would be pending approval at the August 6, 2025 BPW meeting.

Upon motion by Member Mario J. Gangemi and seconded by Member Maricela Cordova, the Members gave unanimous approval of Contract No. MT-00211460 – Janitorial Services for MDTA's Baltimore Harbor Tunnel (BHT) and Fort McHenry Tunnel (FMT) Facilities.

- **MT-00211428 – On-Call Plumbing for MDTA Northern Region**

Ms. Patricia Tracey requested approval from the MDTA Board to execute Contract No. MT-00211428 – On-Call Plumbing for MDTA Northern Region with Patapsco Mechanical LLC in the bid amount of \$695,190.00.

Ms. Tracey explained that this Small Business Reserve designated contract is to provide on-call plumbing maintenance services for MDTA's Northern Region. The lowest responsible and responsive bidder was Patapsco Mechanical LLC. This contract is for a base term of three (3) years and a single two-year renewal option for a total of \$695,190.00 over five (5) years. As this contract exceeds the MDTA's delegated authority, the award of this contract would be pending approval at the next available BPW meeting.

Upon motion by Member Mario J. Gangemi seconded by Member Cynthia D. Penny-Ardinger, the Members gave unanimous approval of Contract No. MT-00211428 – On-Call Plumbing for MDTA Northern Region.

- **MT-00211510 – On-Call Plumbing for MDTA Central Region**

Ms. Patricia Tracey requested approval from the MDTA Board to execute Contract No. MT-00211510 – On-Call Plumbing for MDTA Central Region with National Centers on Patapsco Mechanical LLC in the bid amount of \$695,190.00.

Ms. Tracey explained that this Small Business Reserve designated contract is to provide on-call plumbing maintenance services for MDTA's Central Region. The lowest responsible and responsive bidder was Patapsco Mechanical LLC. This Contract is for a base term of three (3) years and a single two-year renewal option for a total \$695,190.00 over five (5) years. As this contract exceeds the MDTA's delegated authority, the award of this contract would be pending approval at the next available BPW meeting.

Upon motion by Member William H. Cox, Jr. and seconded by Member Maricela Cordova, the Members unanimously approved Contract No. MT-00211510 – On-Call Plumbing for MDTA Central Region.

UPDATE – LEGISLATIVE REPORT SUBMITTED TO THE LEGISLATURE

- **Joint Chairmen’s Report Regarding the Francis Scott Key Bridge Reconstruction**

Mr. Brian Wolfe provided a summary of the Joint Chairmen’s Report (JCR) regarding the Francis Scott Key Bridge Reconstruction.

Mr. Wolfe explained that during the 2025 Legislative Session, committee narrative was adopted by the budget committees that required the MDTA to prepare a JCR that provides a status update on the progress of the reconstruction efforts for the Francis Scott Key (FSK) Bridge. The language stated the Senate Budget and Taxation Committee and House Appropriations Committee are interested in receiving quarterly updates on the progress of the reconstruction of the FSK Bridge. Specifically, providing updates on engineering and design, federal permitting, preconstruction efforts and construction activities. The Committees also requested updates on running totals of expenditures, availability of and projected timeframes for federal reimbursements, and any material changes to cost or schedule.

He further explained that the first quarterly JCR was delivered by the due date of July 1, 2025. Future JCRs will be due October 1, 2025, January 1, 2026, and April 1, 2026. MDTA’s JCR report provided detailed updates on the status of engineering efforts, permitting coordination with federal and state agencies, and preconstruction activities such as surveys and geotechnical investigations. Expenditures as of April 2025 were also provided along with an explanation of federal reimbursements. Changes to the Phase 1 contract to include pile load tests were also identified.

UPDATE – MDTA POLICE PUBLIC SECURITY

Colonel Joseph Scott updated the MDTA Board on MDTA Police activities including recruitment efforts, improved engagement and productivity, reduction in traffic collisions, and the upcoming National Night Out.

UPDATE - EXECUTIVE DIRECTOR’S REPORT

Mr. Bruce Gartner updated the Board on this year’s America’s 911 Ride that will be held on Saturday, August 16th starting at approximately 8:30 am at the Maryland House.

Mr. Gartner also presented Jim Loukas with the Employee of the Quarter Award for Quarter 2 of 2025. Mr. Loukas was recognized for exceptional leadership and contributions to the MDTA.

In September 2024, after the passing of MDTA’s long-time Fleet Administrator, Mr. David Sharpless, Mr. Loukas accepted additional duties and agreed to assume the Acting Fleet Administrator position. As a result, he was thrust into numerous projects including the procurement of a replacement vessel for the MDTA Police, a significant expansion in police equipment/vehicles, coordination of over 70 replacement equipment/vehicles for the MDTA, and coordination with multiple vendors. Through his tireless work, Fleet Management continued its continuity of operations

and has successfully procured and is working towards the goal of placing the vehicles and equipment in-service. Mr. Loukas was nominated by Mr. Jason Pulliam.

Mr. Gartner also recognized that this was Chairman Paul Wiedefeld's last MDTA Board Meeting. He thanked the Chairman for his leadership and support of the MDTA over these past two and a half years recognizing that we kept him busy and it wasn't always easy.

Chairman Wiedefeld was at the helm of MDTA's response and recovery following the collapse of the Francis Scott Key Bridge; during his tenure MDTA opened the extension of the northbound Express Toll Lanes in December; and, thanks to his leadership, MDTA is going to receive \$80 million in USDOT funding to make critical transportation safety, mobility, and environment improvements around the toll plaza and Frankfort Avenue interchange of the I-895 Baltimore Harbor Tunnel.

All eight MDTA Board Members also thanked Chairman Wiedefeld for his leadership and support during his tenure. Chairman Wiedefeld then thanked the MDTA Board, Leadership, and employees for all they have done and continue to do for Maryland's traveling public.

VOTE TO GO INTO CLOSED SESSION

At 9:40 a.m., upon motion by Member William H. Cox, Jr. and seconded by Member Mario J. Gangemi, 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, Cordova, Cox, Gangemi, Penny-Ardinger, Rosen, Snead, and von Paris; Bruce Gartner; Kimberly Millender, Esq.; Colonel Joseph Scott; Samantha J. Biddle; Jaclyn Hartman; Megan Mohan; Pilar Helm; and Natalie Henson.

VOTE TO ADJOURN CLOSED SESSION

At 10:10 a.m., a motion was made by Member Jeffrey S. Rosen and seconded by Member John F. von Paris, 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 Mario J. Gangemi and seconded by Member Cynthia D. Penny-Ardinger, the Members unanimously voted to adjourn the meeting at 10:13 a.m.

The next MDTA Board Meeting will be held on Thursday, August 28, 2025 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:

Samantha J. Biddle, Chair

TAB 2

CLOSED SESSION MINUTES

VERBAL

TAB 3



**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

MEMORANDUM

TO: MDTA Board
FROM: Director of Procurement, Jeffrey Davis, NIGP-CPP, CMPO
SUBJECT: KB-3023-0000R – Maintenance and Repair of Curtis Creek Drawbridges
DATE: August 28, 2025

PURPOSE OF MEMORANDUM

To seek approval from the MDTA Board to execute Contract No. KB-3023-0000R – Maintenance and Repair of Curtis Creek Drawbridges.

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. As this contract exceeds the MDTA's delegated authority for maintenance contracts, the award of this contract would be pending approval at the next available BPW meeting.

RECOMMENDATION

To approve the execution of Contract No. KB-3023-0000R – Maintenance and Repair of Curtis Creek Drawbridges

ATTACHMENT

- Project Summary



Maryland
Transportation
Authority

AUTHORITY PROJECT SUMMARY

KB-3023-0000R - MAINTENANCE AND REPAIR OF CURTIS CREEK DRAWBRIDGES

PIN NUMBER 2619
CONTRACT NUMBER KB-3023-0000R
CONTRACT TITLE MAINTENANCE AND REPAIR OF CURTIS CREEK DRAWBRIDGES

PROJECT 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.

SCHEDULE

ADVERTISEMENT DATE 3/25/2025
ANTICIPATED NOTICE TO PROCEED DATE Jan-26
DURATION (CALENDER DAYS) 1,095

BID RESULTS

	BID AMOUNT (\$)	% VARIANCE TO EE
Florida Drawbridges, Inc. (FDI)	\$3,027,500.00	-24%
Cianbro Corporation	\$3,299,150.00	-17%
Covington Machine & Welding, Inc.:	\$3,920,336.00	-1%

ENGINEER'S ESTIMATE (EE) \$3,969,650.00

BID PROTEST YES ☐ NO ☒

FUNDING SOURCE 100.00% **TOLL REVENUE**

INCUMBENT YES ☐ NO ☒

MBE PARTICIPATION

OVERALL MBE
AFRICAN AMERICAN
ASIAN AMERICAN
HISPANIC AMERICAN
WOMEN
VSBE

ADVERTISED GOAL (%)	PROPOSED GOAL (%)
21.00%	21.00%
8.00%	8.00%
0.00%	0.00%
0.00%	0.00%
11.00%	13.00%
1.00%	1.00%

TAB 4



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

MEMORANDUM

TO: MDTA Board
FROM: Director of Procurement, Jeffrey Davis, NIGP-CPP, CMPO
SUBJECT: Open Contracts Report
DATE: August 28, 2025

PURPOSE

To present the Quarterly Open Contracts Report for August 28, 2025.

SUMMARY

The report summarizes the number of open Memorandum of Understanding Agreements and Architectural and Engineering, Construction, Maintenance, Services, and Information Technology Contracts held by MDTA.

ATTACHMENT

- Open Contract Report

Type of Contract	# of Contracts	Amount of Contracts
MOU	28	\$ 25,578,183.09
A/E	70	\$ 799,150,000.00
Construction	37	\$ 1,779,521,991.16
MT	35	\$ 41,708,100.56
Services	14	\$ 31,230,964.77
IT	24	\$ 71,744,257.23

Total Contracts	Total Amount of Contracts
208	\$ 2,748,933,496.81

\$ 1,333,968,414.43	<i>Paid (Vouchered) Amount Spent</i>
\$ 434,022,084.79	<i>Obligated (PO Balance Remaining) - Amount Committed = Remaining Balance on PO Issued (PO Issued less Paid)</i>
\$ 980,942,997.59	<i>Open (Contract Balance) = BPO Remaining Balance (Unobligated Contract Authority Available) (BPO original Amount less PO Issued)</i>

\$ 2,748,933,496.81 *Total Amount of Contracts*

TAB 5



Board Members:

MEMORANDUM

TO: MDTA Board
FROM: Deputy Director Finance Allen W. Garman
SUBJECT: Investment Strategy and Benchmarks
DATE: August 28, 2025

PURPOSE OF MEMORANDUM

To complete the required quarterly review of the MDTA's investment strategy and benchmarks for the period ended June 30, 2025.

Investment returns and portfolio composition were discussed in greater detail during the recent Finance and Administration Committee meeting and the Committee Members support the continuation of the investment strategies for all accounts.

KEY POINTS

- No changes in strategy or benchmarks are recommended.
- Investments conformed to Investment Policy limitations.
- Portfolio structuring by account adhered to Board approved strategy.
 - Strategy should remain consistent, despite short-term return volatility associated with the interest rate environment.
 - Management does not attempt to time market rate changes; Duration Targeted reserves maintain consistent structures.
 - Passive approach to duration, Active in relative-value security selection.
- Chosen strategies and benchmark indices represent a reasonable and prudent compromise between long-term, multiyear return/income focus and tolerance for return volatility.
 - The longer duration strategies employed in certain reserves generate higher return volatility with expected higher average annual returns over multiyear periods.

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 and Administration Committee.

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

- Of the \$1.1 billion portfolio at the end of June, \$660 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)
- The remaining \$405 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.
 - Management does not attempt to time market rate changes; Duration Targeted portfolios maintain consistent structures.

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 Duration¹ target of approximately 3.0.

The smaller M&O Reserve, representing approximately 5% of assets under management, is benchmarked to a composite of 1–13-year Treasury Strip indices that approximates effective duration of a laddered 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.

¹ Effective or Option Adjusted Duration – measure used to determine bond or portfolio price sensitivity to interest rate changes.

TAB 6



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

MEMORANDUM

TO: MDTA Board
FROM: Deputy Director Finance Allen W. Garman
SUBJECT: Investment Policy – Annual Review and Proposed Changes
DATE: August 28, 2025

PURPOSE OF MEMORANDUM

Complete required annual review of the Investment Policy and request MDTA Board approval. The policy was reviewed at the Finance and Administration Committee on August 14 and recommended to move forward for full MDTA Board approval of the proposed changes.

SUMMARY

Following a recent review by the Investment Committee, immaterial/modest changes to the Investment Policy are currently recommended. The proposed changes remove outdated references and align the language in the Supranational section to the State Treasurer's Office Investment Policy. Proposed changes include:

1. Delete inactive Federal Agency issuers listed in Section V - Deletions of agencies no longer active in the market.
2. Delete Banker's Acceptances in Section V - Diminished issuance/market activity since the peak in the 1980s.
3. Delete reference to the Operating Reserve in Section VI (Maturity Restrictions) - This account was consolidated with the General Account in 2020 for operational efficiencies. The account no longer exists, though total reserves were unchanged at the time of consolidation and have since grown.
4. Amend Section V, Allowable Investments, Supranationals to language similar to the State Treasurer's Office Investment Policy.

Current

Supranationals – Rated in the highest category by at least one (1) NRSRO and denominated in U.S. dollars, **currently limited to:**

- World Bank -International Bank for Reconstruction and Development (IBRD)
- International Finance Corporation (IFC)

Investment Policy – Annual Review and Proposed Changes
Page Two

- Inter-American Development Bank (IADB)
- African Development Bank (AFDB)
- Asian Development Bank (ASIA)

Amended

Supranationals – Rated in the highest category by at least one (1) NRSRO and denominated in U.S. dollars, **include but not limited to:**

Permitted investments are primarily driven by the definition of Investment Obligations contained in the Trust Agreement, with some additional consideration of subsection (h) “any other obligations that constitute legal investments...for State agencies such as the Authority”.

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

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

ATTACHMENT

- Investment Policy 2025 – DRAFT

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

Original Date: August 16, 2005
Revised: August 2~~8~~⁹, 202~~5~~⁴

Approved by: _____ Date: _____
Approval Signature

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

Investment Management

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.

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.~~ 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.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.~~ 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.~~ 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.~~ 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
- aa-bb. Approved 8.28.25

TAB 7

VERBAL