

FINANCE COMMITTEE MONTHLY MEETING
TUESDAY, FEBRUARY 6, 2018
POINT BREEZE HEADQUARTERS BUILDING
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING: Jack Basso
Katherine Bays Armstrong
Dontae Carroll (via phone)
John von Paris

STAFF ATTENDING: Yaw Berkoh
Joyce Diepold
Trudy Edwards
Allen Garman
Chantelle Green
Meshelle Howard
Cheryl Lewis-Orr
Kimberly Millender, Esq.
Kevin Reigrut
Deb Sharpless
Cheryl Sparks
Christina Thompson
Lora Tracy
Dan Williams

OTHERS ATTENDING: Chuck Gomer – Davenport (via phone)

At 9:00 a.m., Member Jack Basso, Chair of the Finance Committee, called the Finance Committee Meeting to order.

APPROVAL – OPEN AND CLOSED MEETING MINUTES FROM JANUARY 16, 2018 MEETING

Member Basso called for the approval of the meeting minutes from the open and closed meetings held on January 16, 2018. Member Katherine Bays Armstrong made the motion, and Member John von Paris seconded the motion, which was unanimously approved.

UPDATE – CASH FLOW AND CAPITAL SPENDING

Mr. Garman reviewed the implications of cash flow projections on future financing needs and reported on capital spending versus projections. Cash spending for the capital program for the first seven months of FY 2018 totaled \$140.4 million, or 74 percent, of the spending projections based on the Final FY 2018-2023 Consolidated Transportation Program. Spending for the Intercounty Connector, I-95 Express Toll Lanes, and Other Projects totaled 110 percent, 134 percent, and 70 percent of projections, respectively. No new-money financings are likely needed through FY 2021, though a refinancing transaction for economic savings is likely in 2018. For fiscal 2018, monthly capital spending is projected at \$27 million.

Member Basso asked Dan Williams to speak to the Finance Committee about capital spending. Mr. Williams stated that capital spending levels are heavily impacted by delays that occur during the procurement process. The Office of Engineering and Construction will continue to monitor capital spending trends and will provide the Finance Committee with an update at a subsequent meeting.

UPDATE – INVESTMENT COMMITTEE REPORT

Mr. Garman provided an update on the activities of the Investment Committee for the quarter ended December 31, 2017. Mr. Garman and Mr. Chuck Gomer from Davenport reviewed market conditions, portfolio strategies, total return performance, and dealer trade allocations. They also discussed certain market drivers that may influence portfolio performance in the coming months, including the economy, fiscal policy, and Federal Reserve monetary policy.

Member Basso asked Mr. Garman about the status of Wells Fargo. Mr. Garman indicated that Wells Fargo continues to dominate the agency's trade allocations due to its competitive pricing. To date, the MDTA has not encountered any issues with Wells Fargo from a trading perspective and no action has been taken by the Maryland State Treasurer's Office to limit or prohibit trading with Wells Fargo.

UPDATE – 2ND QUARTER OPERATING BUDGET VERSUS ACTUAL

Ms. Christina Thompson briefed the Committee on the status of year-to-date spending compared to the FY 2018 Operating Budget. As of December 31, 2017, 41 percent of the budget has been spent as compared to the targeted spending level of 47 percent. There is one Comptroller's Object Code and two Responsibility Centers that exceed expected spending levels by more than 5 percent. Salaries and wages are within the targeted level of spending at 44 percent. Supplies and materials are also within the targeted spending level at 45 percent. All other object codes, except for fixed charges, are below the targeted spending level by more than 5 percent. Fixed charges are above the targeted spending level by more than 5 percent.

UPDATE – QUARTERLY TRAFFIC AND REVENUE REPORT

Ms. Cheryl Lewis-Orr provided an update to the Finance Committee on the MDTA's quarterly traffic and revenue performance for the Legacy Facilities, Intercounty Connector, and the I-95 Express Toll Lanes.

Toll transactions on Legacy Facilities processed during the first half of FY 2018 totaled 62.6 million, which was up 0.4 percent from the same period in FY 2017. Toll revenues on Legacy Facilities totaled \$311.7 million, which was 1.6 percent higher than the same period last year. Compared to the forecast, toll transactions were 1.4 percent lower than expected, and toll revenue was 0.3 percent lower than expected.

On the Intercounty Connector, total gantry-level transactions processed during the first half of FY 2018 was 52.1 million, or 3.9 percent higher than the same period last year. Toll revenues on the Intercounty Connector totaled \$28.6 million for the first five months of FY 2018, which is 7.6 percent higher than the same period last year. Compared to the forecast, Intercounty Connector trips were 0.5 percent higher than expected, and toll revenue was 0.7 percent higher than expected for the first five months of FY 2018. The trip-building process on the Intercounty Connector creates delays in the availability of certain data for the Intercounty Connector, which was why the first five months of the fiscal year were reviewed rather than the first six months.

On the I-95 Express Toll Lanes, 4.8 million transactions were processed during the first half of FY 2018, which was 3.7 percent higher than the same period in FY 2017. Toll revenues totaled \$6.7 million for the first half of FY 2018, which was 6.1 percent higher than the same period last year. Compared to the forecast, toll transactions were 1.1 percent higher than expected, and toll revenue was 2.1 percent higher than expected.

There being no further business, the meeting of the Finance Committee adjourned at 9:55 a.m., following a motion by Member von Paris, and seconded by Member Armstrong.

Peter J. Basso, Chairman