

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

OPEN SESSION

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

STAFF ATTENDING: Kerry Brandt
Luther Dolcar
Allen Garman
Chantelle Green
Michele Gross
Meshelle Howard
Bob Jordan (via phone)
Kimberly Millender, Esq.
Kevin C. Reigrut (via phone)
Deb Sharpless
Christina Thompson
Lora Tracy

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

APPROVAL – OPEN MEETING MINUTES FROM FEBRUARY 6, 2018 MEETING

Member Basso called for the approval of the meeting minutes from the open meeting held on February 6, 2018. Member Katherine Bays Armstrong made the motion, and Member Dontae Carroll seconded the motion, which was unanimously approved.

UPDATE – INVESTMENT COMMITTEE - COMMERCIAL PAPER

Mr. Allen Garman provided an update to the Finance Committee on the MDTA Investment Committee's direction relating to corporate commercial paper and relative value opportunities.

During the financial crisis, management became concerned with commercial paper sector credit risks and suspended all purchases, though no change to the Investment Policy was made by the MDTA Board, so the policy limitation remained 5% per issuer and 20% for the security type.

In July 2011, the agency resumed purchasing commercial paper, but held single-issuer positions below the 5% policy limit. During the intervening years, the Investment Committee discussed and considered removing the more restrictive single-issuer target that was effectively closer to 2% of the portfolio; however it did not because there were no significant opportunity costs associated with the restriction at that time. As a result of recent relative value opportunities in the Capital and General accounts, the Investment Committee directed the removal of the self-imposed restriction and a return to the Investment Policy single-issuer limitation of 5%. Following the removal of the more restrictive single-issuer limitation in February 2018, the agency has taken advantage of relative value opportunities that will generate additional income over the next few months through June 2018.

UPDATE – FY 2019 DEPARTMENT OF LEGISLATIVE SERVICES BUDGET ANALYSIS

Ms. Chantelle Green provided an overview to the Finance Committee on the budget issues and recommendations presented by the Department of Legislative Services (DLS) during MDTA's FY 2019 legislative budget hearing. The overview included a discussion of the policy issue raised in the budget analysis regarding the video toll process and DLS' recommendation to amend the Budget Reconciliation and Financing Act of 2018 to change the statutory due date of the financial forecast from July 1 to September 1 of each year.

Member Basso commented that compared to previous years, the FY 2019 DLS budget analysis write up was favorable. Executive Director Kevin C. Reigrut commented that during the House of Delegates budget hearing, there was some discussion about the recent spike in the amount of civil penalty revenue collected. Mr. Reigrut commented that the increase in FY 2017 civil penalty revenue was attributed to the State's tax intercept program.

UPDATE – THIRD GENERATION ELECTRONIC TOLL COLLECTION SYSTEM (VERBAL)

Mr. Bob Jordan provided an overview to the Finance Committee on the status of the Third Generation Electronic Toll Collection System. Mr. Jordan indicated that the MDTA issued a notice to proceed in February 2018 and that the contracts for the customer service center and the toll system (roadside) have been executed. Over the course of the next two years, the agency

will be working on detailed level design, development testing, and installation of the new system. The MDTA expects to have all toll lanes fully transitioned over to the new system by January 2020. During the transition period, the MDTA will begin building and testing a new customer service center. This includes new system development, software, data conversion, staffing, and training. The new customer service center is anticipated to open to the public in February 2020.

Member von Paris mentioned the need for early interaction with customers to promote the new toll collection system. Mr. Reigrut stated that the MDTA will utilize a wide variety of public outreach techniques to announce the new system, including press releases, videos, and social media.

There being no further business, the meeting of the Finance Committee adjourned at 9:27 a.m., following a motion by Member Armstrong, and seconded by Member von Paris.

Peter J. Basso, Chairman