

MARYLAND TRANSPORTATION AUTHORITY  
BOARD MEETING

THURSDAY, FEBRUARY 25, 2021  
9:30 A.M.

OPEN MEETING VIA VIDEO CONFERENCE AND LIVESTREAMING

OPEN SESSION

Sean Powell, Acting Chairman (1<sup>st</sup> Part of Meeting)  
Greg Slater, Chairman (2<sup>nd</sup> Part of Meeting – P3 Items)

MEMBERS ATTENDING:

Dontae Carroll  
William H. Cox, Jr.  
William C. Ensor, III  
W. Lee Gaines, Jr.  
Mario J. Gangemi  
Cynthia D. Penny-Ardinger, Esq.  
Jeffrey S. Rosen  
John F. von Paris

STAFF ATTENDING:

Carl Chamberlin	Mary O’Keeffe
Percy Dangerfield	James F. Ports, Jr.
Jeffrey Davis	Will Pines
Allen Garman	Bradley Ryon
Chantelle Green	Deb Sharpless
Jim Harkness	Tim Sheets
Natalie Henson	John Wedemeyer
Heather Lowe	Eric Willison
Kimberly Millender, Esq.	Brian Wolfe
Ebony Moore	

OTHER ATTENDEES:

Jeff Folden, MDOT SHA, P3 Office  
Courtney Highsmith, MDOT TSO, Executive Office

At 9:33 a.m. Acting Chairman Sean Powell called the meeting of the Maryland Transportation Authority (MDTA) Board to order. The meeting was held via video conference and livestreamed on the MDTA Board Meeting web page. Acting Chairman Powell announced that Chairman Slater had a conflicting schedule and would join the meeting as soon as he was able to do so. Acting Chairman Powell also announced that a Walk-On Approval Item regarding MDTA Board Resolution No. 21-03, Municipal Financing & Refinancing has been added to the agenda and will be heard after agenda item number 3.

**APPROVAL – OPEN SESSION AND CLOSED SESSION MEETING MINUTES OF JANUARY 28, 2021**

Upon motion by Member William H. Cox, Jr. and seconded by Member Dontae Carroll, the open session and closed session meeting minutes of the MDTA Board meeting held on January 28, 2021 were unanimously approved.

**APPROVAL – CONTRACT AWARDS**

- **FT-3009-0000 – Superstructure Repairs of Various Bridges North and South of Fort McHenry Tunnel**

Mr. Jeffrey Davis requested approval from the MDTA Board to execute Contract No. FT-3009-0000 – Superstructure Repairs of Various Bridges North and South of Fort McHenry Tunnel with Concrete General, Inc. in the bid amount of \$4,937,814.00.

The work to be performed under this contract includes superstructure repairs such as fatigue retrofits and drainage system repairs on 19 bridges on I-95 both north and south of the Fort McHenry Tunnel.

Upon motion by Member W. Lee Gaines, Jr. and seconded by Member Jeffrey S. Rosen, the Members unanimously gave approval to execute Contract No. FT-3009-0000 – Superstructure Repairs of Various Bridges North and South of Fort McHenry Tunnel.

- **KH-3009-0000 – I-95 Express Toll Lanes Northbound Extension from MD 43 to South of MD 152**

Mr. Jeffrey Davis requested contingent approval from the MDTA Board to execute Contract No. KH-3009-0000 – I-95 Express Toll Lanes Northbound Extension from MD 43 to South of MD 152 with Allan Myers MD, Inc. in the bid amount of \$175,277,555.00.

The work to be performed under this contract includes the extension of the Express Toll Lanes approximately 6.3 miles north of MD 43 to south of the MD 152 interchange.

Upon motion by Member W. Lee Gaines, Jr. and seconded by Member Mario J. Gangemi, the Members unanimously gave contingent approval to execute Contract No. KH-3009-0000 – I-95 Express Toll Lanes Northbound Extension from MD 43 to South of MD 152.

**APPROVAL – QUARTERLY REVIEW OF INVESTMENT STRATEGY AND PERFORMANCE**

Mr. Allen Garman provided the MDTA Board with a quarterly update on the investment strategy/performance and requested MDTA Board approval of the continuation of the current investment strategies for all accounts.

Mr. Garman explained that for the trailing twelve-month period ended December 31, 2020, investments conformed to Investment Policy limitations. Portfolio structuring by account adhered to MDTA Board approved strategy. Total return performance for the General Account was commensurate with the benchmark index. During the duration extension transition period for the maintenance and operations (M&O) Reserve, the account will continue to remain short relative to the new benchmark index and portfolio duration will transition over several months. Total return performance for the M&O Reserve will not have a good comparable benchmark during the transition period.

The MDTA Board approved an investment strategy and benchmark change at its February 27, 2020 meeting to lengthen the average maturity of certain unrestricted reserves to 7.5-years from 3-years, as well as the associated *Effective Duration* (rate driven price volatility) to 7.0 from 3.0. Implementation of this strategy change was delayed as a result of the pandemic induced market volatility, distortions, and record low interest rates. At the November 2020 meeting, the MDTA Board approved a gradual transition for a small portion (14%) of the unrestricted cash held in the M&O Reserve. The Investment Committee will continue to update the Board periodically on the recommended timing for restructuring the remaining 86% of unrestricted reserves held in the General Account.

The prior MDTA Board approved strategy for Debt Service Reserves (DSR) was a staggered maturity structure from 1 to 8 years, with a duration target that approximates the 3-5 year Bullet Agency Index. In response to the record low interest rate environment associated with the pandemic, the Investment Committee recommends a short-term structure of less than one-year maturities until markets normalize. An additional factor supporting the short-term structure is the possibility to replace the cash funded DSR with a surety policy that may coincide with the March 2021 municipal bond financing.

Upon motion by Member William C. Ensor, III and seconded by Member W. Lee Gaines, Jr., the Members unanimously approved the continuation of the current investment strategies for all accounts.

**WALK-ON ITEM - APPROVAL – MDTA BOARD RESOLUTION 21-03 – MUNICIPAL FINANCING & REFINANCING**

Mr. Allen Garman requested MDTA Board approval of MDTA Board Resolution 21-03 – Municipal Financing and Refinancing. This Board Resolution amends and restates MDTA Board Resolution 20-07 (adopted November 19, 2020) adding flexibility to refinance the \$480 million Series 2008A TIFIA loan with municipal bonds.

Mr. Garman explained that MDTA Board Resolution No. 21-03 authorizes a combined \$900 million, with the \$400 million new money portion sized to fund capital projects for an approximately 15-month period through fiscal 2022 and the refinancing component for approximately \$500 million.

The new-money financing need is modeled in the most recent MDTA Board approved financial forecast and is unchanged from the prior Resolution 20-07. The \$400 million financing portion is scheduled for March 24, 2021 and will be sized to account for the capital program, net operating revenues, bond premium, debt service reserve funding, and costs of issuance. The \$482 million refinancing portion is market dependent and may be sold contemporaneously or within a few weeks of the March 24 sale. The refinancing portion will also be sized to account for bond premium, net of debt service reserve funding, and costs of issuance.

Projected net present value savings for the refinancing portion are more than \$40 million, with approximately \$2.2 million annually of cash flow savings that are not incorporated in the forecast. The MDTA has been working on a TIFIA loan refinancing with the Build America Bureau of the USDOT, but the rate lock is not expected before June/July. Two factors suggest that this is a unique refinancing opportunity that may favor a municipal financing relative to a TIFIA loan refinancing at prevailing treasury rates in several months. Municipal to treasury ratio yields are at record lows as a function of current supply/demand and there is significant institutional demand for low coupon structures. The low couponing is key to the near-term cash flow savings, estimated at approximately \$2.2 million annually. With the TIFIA loan closing not expected for several months, the MDTA may be advantaged by refinancing now in lieu of waiting until July when treasury rates are potentially higher than municipal financing rates are today.

Pursuant to the resolution, the Executive Director and Chief Financial Officer (CFO) will have the authority to manage the bond sale and closing, including the award of the 2021 bonds to the successful underwriting firm(s) and/or negotiation of terms for a private placement. The resolution also authorizes the selection of other service providers and the preparation and execution of all closing documents, certificates, and bond forms. The bond sale must be completed no later than August 31, 2021. The Executive Director and the CFO are required to report the bond sale results at the first MDTA Board meeting following the sale dates.

Upon motion by Member Jeffrey S. Rosen and seconded by Member William H. Cox, Jr., the Members unanimously approved MDTA Board Resolution 21-03 – Municipal Financing and Refinancing.

***\*\*Technical Issue Announcement: Ms. Natalie Henson announced that there were bandwidth issues with the meeting which was causing Microsoft Teams to not stream video of the Members even though their cameras were on. She let those on the meeting and those watching via livestream know that MDTA was aware of the issue and were working to resolve it.\*\****

**UPDATE – LEGISLATIVE SESSION**

Mr. Bradley Ryon gave an update to the MDTA Board regarding the bills that have been filed that will have an impact to the MDTA.

***\*\*Announcement: Acting Chairman Powell announced that Chairman Gregory Slater had joined the meeting and that Chairman Slater would be taking over for the remainder of the meeting.\*\****

**UPDATE – P3 RESOLUTION 21-02**

Ms. Kimberly Millender provided an update to the MDTA Board regarding draft Resolution No. 21-02, which will amend existing MDTA Board Resolution No. 18-04 regarding the designation of the I-495 and I-270 Public-Private Partnership (P3) Program as a “transportation facilities project.”

Ms. Millender explained that in November of 2018, the MDTA Board adopted Resolution No. 18-04 to designate and classify the P3 Program as a “transportation facilities project” under Title 4 of the Transportation Article. The Resolution specified that the classification was contingent upon the successful execution of a P3 Agreement and the acquisition of the necessary leasehold interest. As the P3 Program has developed through the solicitation process, the decision was made to fulfill the Program in phases resulting in the opportunity for multiple agreements to be executed and the acquisition of the leasehold interest in stages. Resolution No. 21-02 amends the prior MDTA Board Resolution to acknowledge this change in the Program.

**UPDATE – P3 LEASE AGREEMENT**

Mr. John Wedemeyer updated the MDTA Board on a draft lease agreement between MDTA and MDOT SHA. This draft lease agreement has been drafted to create a leasehold interest in the Traffic Relief Program Public-Private Partnership (P3) for the priced managed lanes for Phase 1 South.

Mr. Wedemeyer explained that this lease agreement is based on a MDOT SHA Standard Lease Agreement. The created exhibits for this lease agreement depict MDOT SHA right of way for the following areas:

1. I-495 from (and including) the American Legion Bridge to the interchange with I-270 near Rockville Pike;
2. I-270 from to the interchange with I-495 near Rockville Pike to the interchange with I-370 (including the I-270 east spur); and
3. the I-270 west spur from the interchange with I-495 near Bradley Boulevard to the interchange with Tuckerman Lane.

The Priced Managed Lanes are depicted between the northbound and southbound travel lanes.

**UPDATE – P3 DEVELOPER SELECTION**

Mr. Will Pines and Mr. Jeff Folden updated the MDTA Board on the selection of the Phase 1 Developer for the P3 Program.

Mr. Pines explained that MDOT and MDTA have completed the solicitation process for Phase 1 of the P3 Program, the American Legion Bridge I-270 to I-70 Relief Plan. The selected Phase Developer, who will be responsible for overseeing the predevelopment work for Phase 1, is Accelerate Maryland Partners, LLC.

Mr. Folden explained that the selection of the Phase Developer is the culmination of a year-long competitive process of extensive collaborative dialogue with the proposers designed to ensure a true partnership, harness the innovation of the private sector, and meet the goals of the program to provide congestion relief and an innovative approach to minimize impacts. This process included issuing a Request for Qualifications on February 7, 2020, short-listing four teams on July 17, 2020, and a 6-month Request for Proposals process.

**UPDATE – P3 AGREEMENT**

Ms. Deb Sharpless and Mr. Jeff Folden provided an update on the Phase Public-Private Partnership Agreement for the I-495 and I-270 P3 Program for Phase 1.

The Phase P3 Agreement will be executed among MDOT, MDTA, and the selected proposer (Phase Developer) upon approval by the MDTA Board and subsequent approval by the Maryland Board of Public Works. Under the Phase P3 Agreement the Phase Developer shall perform predevelopment work for the delivery of Phase 1 in sections.

After completion of the Predevelopment Work, MDOT, MDTA, and an entity established by the Phase Developer (Section Developer) will enter into a section P3 agreement (Section P3 Agreement) for the design, construction, financing, operation, and maintenance of the section. Along with the execution of the Section P3 Agreement, MDTA and the Section Developer will enter into (a) the tolling services agreement (Tolling Services Agreement), and (b) the P3 supplemental trust agreement (P3 Supplemental Trust Agreement) with the trustee.

**UPDATE – TOLL RATE PHASE 1 SOUTH**

Ms. Deb Sharpless and Mr. Carl Chamberlin provided an update of preliminary information developed by MDTA staff for the preliminary toll rate range and soft rate cap for Phase I South: American Legion Bridge (ALB) I-270 to I-370.

It was explained that MDOT and MDTA have been advancing the ALB I-270 to I-70 Relief Plan. MDOT recently announced High Occupancy Toll (HOT) lanes as its Recommended Preferred Alternative (RPA) for the P3 Program's first environmental NEPA process to be delivered in phases

starting with the ALB I-270 to I-370 first. The MDOT RPA would replace the 60-year-old ALB and add a bicycle and pedestrian connection to ALB and two HOT lanes in each direction across ALB to I-270, while converting one existing HOV lane to a HOT lane and adding one HOT lane in each direction on I-270.

The MDTA has the responsibility under Maryland law to fix, revise, and set toll rates in accordance with Transportation Article §4-312 of the Annotated Code of Maryland and Code of Maryland Regulations (COMAR) Title 11 Department of Transportation, Subtitle 07 MDTA, Chapter 05 Public Notice of Toll Schedule Revisions (11.07.05). As a partner in the P3 Program, the MDTA is conducting due diligence as part of the toll-setting process, which will include a tolling proposal presented by MDTA staff to the MDTA Board, followed by a public comment period and hearings, and will conclude with a final toll recommendation presented to the MDTA Board for approval. The MDTA staff anticipates presenting the official tolling proposal and initiating this process with the MDTA Board in the spring. The staff toll proposal and toll-setting process will address toll ranges/rates for Phase I South, ALB I-270 to I-370.

**UPDATE – EXECUTIVE DIRECTOR**

Mr. James F. Ports, Jr. informed the Board that once again MDTA has been recognized by the Maryland Quality Initiative (MdQI) for its exceptional work at MdQI's Annual Awards Ceremony that was held on February 11, 2021. Mr. Ports shared that the Bradshaw Road Bridge project won both the Partnering Award and the Modal Award for over \$5 million, the JFK Maintenance Facility HVAC won the Modal Award for under \$5 million, and that we earned the Planning Study Award for the I-95 @ Belvidere Road Interchange Planning Study.

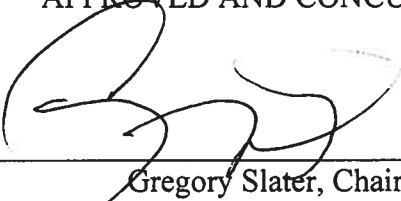
Mr. Ports also reiterated from last month that this year celebrates MDTA's 50<sup>th</sup> Anniversary but also shared with the Board that the Intercounty Connector opened 10 years ago this month.

**VOTE TO ADJOURN MEETING**

There being no further business, upon motion by Member William H. Cox, Jr. and seconded by Member W. Lee Gaines, Jr., the Members unanimously voted to adjourn the meeting at 1:07 p.m.

The next MDTA Board Meeting will be held on March 25, 2021 at 9:00 a.m. via livestream.

APPROVED AND CONCURRED IN:

  
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Gregory Slater, Chairman