

MARYLAND TRANSPORTATION AUTHORITY
BOARD MEETING
THURSDAY, JUNE 28, 2018
MARYLAND STATE POLICE BARRACKS
15 TURNPIKE DRIVE, PERRYVILLE, MD 21903

OPEN SESSION

Pete K. Rahn, Chairman

MEMBERS ATTENDING:

Katherine B. Armstrong – via Telephone
P. Jack Basso
Dontae Carroll – via Telephone
William H. Cox, Jr.
William Ensor
W. Lee Gaines
Mario J. Gangemi
John von Paris

STAFF ATTENDING:

Donna DiCerbo	Jeanne Marriott
Luther Dolcar	Jody McCurley
Trudy Edwards	Kimberly Millender, Esquire
Clayton Fischer	Tonya Morant
Allen Garman	John O'Neill
Chantelle Green	Mike Rice
James Harkness	Kevin C. Reigrut
Natalie Henson	Cheryl Sparks
Bethany Howard	Christina Thompson
Meshelle Howard	Russ Walto
Christopher Imms	Tim Wendt
Col. Jerry Jones	Melissa Williams

OTHERS ATTENDING:

Jaelyn Hartman - MDOT
James R. Karpiak
Virginia L. Karpiak
Ed McDonald – MDOT
Kirsten Reigrut
Julia Winkler
Michele Winkler
Robert Winker
Steve Winkler

At 9:05 a.m. Chairman Pete K. Rahn called the meeting of the Maryland Transportation Authority (MDTA) Board to order.

APPROVAL – OPEN SESSION MINUTES OF MAY 31, 2018

Upon motion by Member W. Lee Gaines and seconded by Member William Ensor, the Open meeting minutes of the MDTA Board meeting held on May 31, 2018 were unanimously approved.

RESOLUTIONS – YEARS OF SERVICE FOR RECOGNITION

Mr. Kevin C. Reigrut read the following resolutions for employees who have retired: Kevin R. Anderson, Senior Officer James R. Karpiak, Corporal Edwin Merritt and Senior Officer Stephen E. Winkler. Therefore it further be resolved, on the occasion of their retirement from their distinguished careers of exemplary service, the Chairman and Members of the Maryland Transportation Authority hereby express to Kevin R. Anderson, Senior Officer James R. Karpiak, Corporal Edwin Merritt and Senior Officer Stephen E. Winkler their most sincere appreciation for their excellence and commitment, and be it further resolved that these resolutions be entered into the minutes of the MDTA Board meeting of June 28, 2018, and a copy, appropriately framed, be presented as an expression of the MDTA Board's appreciation and esteem.

UPDATE – MARYLAND DEPARTMENT OF TRANSPORTATION LOAN

Ms. Chantelle Green and Ms. Jaclyn Hartman provided an update on a proposed loan to the Maryland Department of Transportation (MDOT) to finance projects at the Baltimore Washington International Thurgood Marshall Airport (BWI) and the Port of Baltimore. This is an item that was discussed at the Finance Committee meeting.

State law empowers the MDTA to serve as a conduit for the issuance of debt for transportation related projects on behalf of MDOT. In fulfilling MDTA's statutory purpose and its long-standing practice of partnering with other transportation business units to provide funding for important transportation projects in Maryland, the MDTA is currently in discussions with MDOT to provide a \$150 million loan over a three year period (Fiscal Year 2019 – Fiscal Year 2021) to help finance projects at BWI and the Port of Baltimore. The proposed loan will have a 20-year term with an interest rate of 3.3%.

Per Ms. Green, the approval of this item is lumped in with the approval of the financial forecast in today's agenda.

APPROVAL – FISCAL YEAR (FY) 2019 FINAL OPERATING BUDGET

Ms. Christina Thompson requested approval of the Fiscal Year (FY) 2019 Final Operating Budget. The Trust Agreement requires the approval of a final budget on or before July 1. This item has been reviewed by the Finance Committee and recommended for approval.

The FY 2019 Final Operating Budget totals \$324,409,567. This represents an increase of \$3,928,715, or 1.2%, above the FY 2019 Preliminary Operating Budget and an increase of \$11,264,873, or 3.6%, above the FY 2018 amended budget. Reimbursable expenses for law enforcement services provided at the Port of Baltimore and the Baltimore Washington International Thurgood Marshall Airport total \$28,872,260 (8.9%) of the budget. These costs are paid by the Maryland Port Administration and the Maryland Aviation Administration.

The budget includes the following changes from the FY 2019 Preliminary budget:

- A net \$1.4 million increase in personnel expenses, including a \$3.0 million increase for a 2% cost-of-living adjustment (COLA) effective January 1, 2019; a 0.5% COLA effective April 1, 2019; a one-time bonus of \$500; and social security pension and unemployment costs. These expenses are offset by a \$1.2 million reduction in employee and retiree's health insurance and a \$0.34 million reduction for contractual conversions
- A net \$1.2 million increase in building and repairs, including a \$1.4 million increase in funding for on-call task orders due to a backlog generated in FY 2018, new tasks anticipated as a result of inspection findings, the continuation of tasks not completed in FY 2018, and to restore funding to the FY 2018 level. This increase is offset by a \$175,000 reduction for a building security contract that was overbudgeted.
- A \$0.6 million increase in environmental engineering tasks due to new projects and initiatives and additional capacity for mitigation work in critical areas and monitoring of tank facilities.
- A \$260,000 increase in training including \$100,000 for career development for toll collectors and \$160,000 for additional skills and safety training for Operations personnel.
- A \$200,000 increase in application software acquisitions for software upgrades (e.g., Adobe and Visio) needed due to the Windows 10 update.
- A \$196,000 increase in vehicle purchases which were budgeted in FY 2018 but will not be received until FY 2019.

Upon motion by Member P. Jack Basso and seconded by Member Kathy Bays Armstrong, the Members unanimously approved the FY 2019 Final Operating Budget in the amount of \$324,409,567.

APPROVAL – DRAFT FISCAL YEAR (FY) 2019 – FY 2024 CONSOLIDATED TRANSPORTATION PROGRAM (CTP)

Ms. Melissa Williams and Ms. Jeanne Marriott requested approval of the proposed Draft Fiscal Year (FY) 2019 – FY 2024 Consolidated Transportation Program (CTP). The Draft CTP was reviewed by the Capital Committee and the Finance Committee and recommended for approval.

The six-year FY 2019-2024 budget in the proposed CTP is \$3.3 billion. The proposed CTP reflects a net increase in the six-year FY 2019-2024 budget of \$628.4 million. The net FY 2019-2024 increase is the result of the following:

- Increase in the six-year CTP budget by \$3.0 million for the Nice Bridge.
- Increase in the six-year CTP budget by \$562.7 million for the improved I-95 ETL Northern Extension. The expansion of this project was previously approved by the MDTA Board.
- Increase in the six-year CTP budget by \$68.1 million for all projects except Nice Bridge, I-95 ETL Northern Extension, and reserves.
- Decrease in the Allocated and Unallocated Reserves by \$5.4 million.

Upon motion by Member William Cox and seconded by Member W. Lee Gaines, the Members unanimously approved the Draft FY 2019 – FY 2024 CTP in the amount of \$3.3 billion.

APPROVAL – FINANCIAL FORECAST

Mr. Luther Dolcar requested approval of the FY 2019 – FY 2024 Financial Forecast. This item was reviewed by the Finance Committee and recommended for approval.

Throughout the six-year period (FY 2019 – FY 2024), the MDTA will remain above its financial goals and minimum legal standards.

- Throughout the six-year period (FY 2019 – 2024), the MDTA remains above its financial goals:
 - \geq \$350 million unencumbered cash, and
 - \geq 2.5 debt service coverage through FY 2020; \geq 2.0 thereafter
- The MDTA remains above its trust agreement rate covenant (net revenues \geq 1.0 x sum of: 120% debt service + deposits to Maintenance & Operating account).
- The forecast adheres to the Budget Reconciliation and Financing Act (BRFA) of 2015.
- No system wide toll increases are needed in the six-year period.
- Debt to be issued during the six-year forecast period is approximately \$1.2 billion. The first financing (Transportation Infrastructure Finance and Innovation Act draw, TIFIA) in the amount of \$85 million is expected to occur in FY 2020.
- Maximum outstanding indebtedness within the period is \$2.522 billion in FY 2024. This is below the statutory cap of \$3 billion limit (in effect FY 2021).
- Debt service paid over the six-year period is \$705.9 million.

Upon motion by Member P. Jack Basso and seconded by Member John von Paris, the Members unanimously approved the FY 2019 – FY 2024 Financial Forecast as outlined above.

UPDATE – AUDIT COMMITTEE MEETING

Member John von Paris presented a summation of the June 14, 2018 meeting. The Office of Audits is generally on track to complete the 18 audits in the FY 2018 Audit Plan. Fourteen are complete and two are in process. Two audits were rescheduled to FY 2019 since the implementation of the updated software program, Maximo (Managing Maintenance Operations and Supplies Inventory Program), was delayed to July 2018.

Three internal audit reports were presented and the Committee was satisfied with the results of the audits. At the prior meeting, the Audit Committee expressed concern with Management's expected date of August 2018 to implement corrective actions for improving control procedures relating to the access of MDTA's network and IT applications. Management provided an update that as of June 2018 all corrective actions had been implemented. The Audit Committee was satisfied with the Management update.

The retirement of the Chief Auditor effective July 1, 2018 was discussed. The Executive Director stated a competitive recruitment for replacement of the Chief Auditor is in progress and the position should be advertised in approximately two weeks.

UPDATE – EXECUTIVE DIRECTORS REPORT

Mr. Reigrut reported on several topics;

- The retirement of the Chief Auditor effective July 1, 2018;
- *E-ZPass*[®] commercials and free transponders;
- Recent U.S. Supreme Court decision in *Janus v. AFSCME* resulting in the termination of mandatory service fee deductions from employee pay checks;
- July 2018 Eastern Shore Magazine – Bay Bridge Article;
- Belvidere Interchange Update;
- Employee Introduction and Recognition – Russ Walto, Planning and Community Relations Manager in the Division of Planning and Program Development; and
- June 2018 Employee of the Month – Kimberly Millender, Esquire.

There being no further business, the meeting of the MDTA Board was adjourned by consensus at 9:57 a.m.

The next MDTA Board Meeting will be held on July 26, 2018, at 9:00 a.m. at the Maryland Transportation Authority, 2310 Broening Highway, Baltimore, MD 21224

APPROVED AND CONCURRED IN:



Pete K. Rahn, Chairman