

MARYLAND TRANSPORTATION AUTHORITY
BOARD MEETING
THURSDAY, NOVEMBER 29, 2018
2310 BROENING HIGHWAY, BALTIMORE, MD 21224

OPEN SESSION

James F. Ports, Jr., Acting Chairman

MEMBERS ATTENDING:

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

STAFF ATTENDING:

Percy Dangerfield
Donna DiCerbo
Luther Dolcar
Trudy Edwards
Clay Fischer
Allen Garman
David Goldsborough
Chantelle Green
Michele Gross
Meshelle Howard
Greg Jones
Col. Jerry Jones
Jeanne Marriott
Kimberly Millender
Tonya Morant
Mary O'Keeffe
John O'Neill
Kevin C. Reigrut
Sheila Rivers
Deborah Sharpless
Cheryl Sparks
Christina Thompson
John Wedemeyer
Tim Wendt

OTHERS ATTENDING:

Jeff Folden, MDOT
John Scitofield, MDOT SHA
Jeff Tosi, MDOT
Lisa Webb, MDOT

At 9:04 a.m. Acting Chair James F. Ports, Jr. called the meeting of the Maryland Transportation Authority (MDTA) Board to order.

APPROVAL – OPEN SESSION MINUTES OF OCTOBER 25, 2018

Upon motion by Member William Cox and seconded by Member William Ensor, the Open meeting minutes of the MDTA Board meeting held on October 25, 2018 were unanimously approved.

RESOLUTIONS – YEARS OF SERVICE RECOGNITION FOR RETIRED EMPLOYEES

Mr. Kevin Reigrut read the following resolutions for employees who have retired, Sergeant Kimberly J. Arbogast and Thomas J. Gress. 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 Ms. Arbogast and Mr. Gress 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 November 29, 2018, and a copy, appropriately framed, be presented as an expression of the MDTA Board's appreciation and esteem.

APPROVAL – RIGHT OF WAY DISPOSITION BY CONVEYANCE TO TC ANSCROFT, LLC

Mr. John Wedemeyer requested approval for a declaration of Extra Land. This item was reviewed by the Capital Committee and recommended for approval.

Per the Maryland Department of Transportation (MDOT) Policy DOT 654.1, the MDTA shall determine the real property which is extra to its needs by a memorandum from the Executive Director (or designee). This memorandum referred to as the Declaration of Extra Land Memorandum (DELM), designates the end of the MDTA Internal Clearance. MDOT then will review the DELM and determine if the property is "excess to the needs of the MDTA." The DELM is required for all proposed MDTA dispositions, and the property must be deemed "excess to the needs of the MDTA" before MDTA owned real estate can proceed through the Modal Clearance Process.

The subject property containing 24.9092± acres is located east of Maryland Route 97 (Georgia Road) and southeast of Batchellors Forest Road in the vicinity of MD Route 200 Intercounty Connector (ICC). The ICC construction required the acquisition of the property from TC ANSCROFT, LLC to protect one of the proposed roadway alignments. The MDTA and TC ANSCROFT, LLC executed a Deed on April 24, 2004. The deed is recorded in the land records of Montgomery County in Liber 26514 at Folio 652 for the amount of 2,000,000.

MDTA Real Estate Services obtained two independent appraisals, which have been reviewed for validity. The review appraiser selected the appraisal that more accurately reflects the development costs that would be incurred by a developer or builder. The value selected for disposal purposes is \$1,083,700. In accordance with the Transportation Article §8-309 (b) (2) (ii), “if the land is not needed for a county or municipal transportation purpose, the person from whom the land was acquired or the successor in interest of that person has the right to reacquire the land, on payment of an amount equal to the appraised value of the land.”

Upon motion by Member Mario Gangemi and seconded by Member Dontae Carroll, the Members unanimously approved the disposition of the right-of-way in fee simple to be re-conveyed to the former property owner, TC ANSCROFT, LLC for the fair market value of \$1,083,700.

APPROVAL – QUARTERLY REVIEW OF INVESTMENT STRATEGY & PERFORMANCE

Mr. Allen Garman requested approval for the investment strategy for the current quarter. The Finance Committee reviewed this item and recommended for approval.

For the trailing 12-month period ended September 30, 2018, investment strategy was in line with the agency’s Investment Policy and the investment portfolio’s total return performance was commensurate with the respective benchmark indices. No changes in performance strategy or benchmarks are recommended for the core unrestricted reserve accounts.

Upon motion by Member Katherine Bays Armstrong and seconded by Member W. Lee Gaines, Jr., the Members unanimously approved the current quarterly investment strategy.

APPROVAL – FISCAL YEAR 2020 PRELIMINARY OPERATING BUDGET

Ms. Christina Thompson requested approval for the Fiscal Year (FY) 2020 Preliminary Operating Budget. This preliminary budget is submitted to the Maryland Legislature in January of each year. The Trust Agreement requires the approval of a final budget on or before July 1 of each year. This item was reviewed by the Finance Committee and recommended for approval.

FY 2020 Operating Budget Request

Summary of Major Changes (\$millions)

FY 2020 Budget Request	\$328.2
FY 2019 Final Operating Budget	324.4
\$ Change FY 2020 vs FY 2019	3.8
% Change FY 2020 vs FY 2019	1.2%

Upon motion by Member Dontae Carroll and seconded by Member Katherine Bays Armstrong, the Members unanimously approved the Fiscal Year 2020 Preliminary Operating Budget of \$328,220,263.

APPROVAL – FINAL FISCAL YEAR 2019 – 2024 CONSOLIDATED TRANSPORTATION PROGRAM

Ms. Jeanne Marriott requested approval for the proposed Final Fiscal Year (FY) 2019 – 2024 Consolidated Transportation Program (CTP). This item was reviewed by the Finance Committee and the Capital Committee and recommended for approval.

The six-year FY 2019-2024 budget in the proposed CTP is \$3.1 billion. The proposed CTP reflects a net decrease in the six-year FY 2019-2024 budget of \$116.4 million. The net FY 2019-2024 decrease is the result of the following: 1) Decrease in the six-year CTP budget by \$1.9 million for the Nice Bridge. 2) Decrease in the six-year CTP budget by \$1.2 million for the improved I-95 ETL Northern Extension. 3) Increase in the six-year CTP budget by \$67.4 million for all projects except Nice Bridge, I-95 ETL Northern Extension, and Reserves. 4) Decrease in the Allocated and Unallocated Reserves by \$180.7 million.

Upon motion by Member Mario Gangemi and seconded by Member John von Paris, the Members unanimously approved the Final Fiscal Year 2019-2024 Consolidated Transportation Program of \$3,100,000,000.

APPROVAL – FISCAL YEAR 2019-2024 FINANCIAL FORECAST

Mr. Luther Dolcar requested approval of the official Fiscal Year 2019-2024 Financial Forecast. This item was presented to the Finance Committee and recommended for approval.

Throughout the six-year period (FY2019-2024), the MDTA will remain above its financial goals and minimum legal standards.

- Throughout the six-year period (FY2019-2024), 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 $>$ 1.0 sum of: 120% debt service + deposits to Maintenance and Operating (M&O) 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 \$1.1 billion. Approximately \$70 million in debt is expected to be incurred in FY 2020, including the first TIFIA draw in the amount of \$45 million.
- Maximum outstanding indebtedness within the period is \$2.464 billion in FY 2024. This is below the statutory cap of \$3 billion limit (in effect in FY 2021).
- Debt service paid over the six-year period is \$692.3 million.

Upon motion by Member William Cox and seconded by Member Katherine Bays Armstrong, the Members unanimously approved the Fiscal Year 2019 – 2024 Financial Forecast.

APPROVAL – RESOLUTION 18-03 CIVIL PENALTY REDUCTION

Ms. Deborah Sharpless and Mr. Kevin Reigrut requested approval of a two-tier Video Toll Civil Penalty structure of \$25 and \$50 to be implemented upon the successful transition to the new Third Generation Electronic Toll Collection (3G-ETC) systems.

MDTA customers are given several payment options when traveling Maryland's toll facilities. Four percent (4%) of MDTA's customers have chosen the Video Toll payment option. This option entails the customer receiving a Notice of Toll Due (NOTD) (i.e., an invoice via United States Postal Service). Video Toll customers who pay their tolls at the NOTD phase are not charged any fees and/or penalties. Today, customers who fail to pay their NOTD within forty-five (45) days become violators and are assessed a \$50 civil penalty.

Customers' payment history has shown us that violators fall into two categories: 1) Good customers that are willing to pay their tolls who simply make honest mistakes and want to do what is right; and 2) Habitual violators that are intentionally evading tolls and unwilling to pay regardless of notification.

Eighty-five percent (85%) of Video Toll customers with outstanding tolls and/or civil penalties owe five (5) or fewer transactions. By approving a tiered civil penalty structure, the MDTA will provide customer assistance that helps to bring good customers back into good standing and incentivize prompt payment without rewarding habitual offenders. The civil penalty structure would consist of a \$25 civil penalty for five or less transactions and a \$50 civil penalty for six or more transactions.

A fifty percent (50%) reduction in the civil penalty for those customers with five (5) or fewer outstanding Video Toll transactions is financially viable due to better 3G-ETC Customer Service Center pricing and an overall increased Video Toll payment rate (reduced bad debt). Revenues are estimated to reduce by \$9.0 million per year.

Due to risk and stability concerns with the current system, the revised civil penalty structure would be implemented approximately three (3) to six (6) months after 3G-ETC go-live in February 2020. In the interim, staff will begin the process to update the Code of Maryland Regulations (COMAR) as needed.

Upon motion by Member Jack Basso and seconded by Member Mario Gangemi, the Members unanimously approved Resolution 18-03 Civil Penalty Reduction, the two-tier Video Toll civil penalty structure of \$25 and \$50 to be implemented upon the successful transition to the new Third Generation Electronic Toll Collection system.

APPROVAL – RESOLUTION 18-04 TRAFFIC RELIEF PLAN P3

Mr. John O'Neill requested approval to adopt the draft Pre-Solicitation Report and conditionally designate the Traffic Relief project as a Transportation Facilities Project.

The Maryland Department of Transportation (MDOT) and the Maryland Transportation Authority (MDTA) have developed a draft Pre-Solicitation Report (PSR) for the I-495 and I-270 Public Private Partnership Program (P3 Program). The PSR is required by Maryland statute to begin the solicitation of a public-private partnership (P3).

MDOT and MDTA will implement a robust, fair and competitive solicitation process for the P3 Program, consistent with the existing P3 regulations. This solicitation process will include multiple multistep solicitations which will include industry outreach, a Request for Qualifications, and a Request for Proposals from qualified teams. MDOT and MDTA will execute P3 agreements, subject to approval from the Board of Public Works, with the best value teams based on (i) their ability to demonstrate their solution meets or exceeds evaluation criteria, and (ii) that their proposal is most advantageous compared with other proposals.

MDTA will partner with MDOT for the P3 Program because State law solely empowers the MDTA Board to establish rates for tolling on Maryland roads. To exercise its tolling authority, MDTA will need to designate the I-495/I-270 P3 Project as a transportation facilities project as defined by law. Resolution 18-04 provides this designation conditioned upon the successful execution of the P3 agreements and the acquisition of the necessary leasehold interest in the property.

Upon motion by Member Mario Gangemi and seconded by Member Dontae Carroll, the Members unanimously approved Resolution 18-04 Traffic Relief Plan P3 to adopt the draft Pre-Solicitation Report and conditionally designate the project as a Transportation Facilities Project.

UPDATE – HUMAN RESOURCES COMMITTEE MEETING

Member Gaines reported on the Human Resources Committee Meeting. The Committee was provided a demonstration on HR Central; An overview of the Office on Environment, Safety & Risk Management unit functions, including Waste Management, Fuel Tank Management and Lead & Asbestos Management; Job Rotation Program; and Classification and Compensation update.

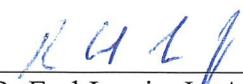
UPDATE – EXECUTIVE DIRECTOR

Mr. Kevin C. Reigrut gave a brief update on the following topics: The completion of the Consolidated Transportation Program (CTP) Tours, Communications/Outreach events, Upcoming events and an Update on the I-895 Project.

There being no further business, the meeting of the MDTA Board was adjourned by consensus at 10:33 a.m.

The next MDTA Board Meeting will be held on December 20, 2018, at 9:00 a.m. at the Maryland Transportation Authority, 2310 Broening Highway, Baltimore Maryland 21224.

APPROVED AND CONCURRED IN:



R. Earl Lewis, Jr. Acting Chair