



Maryland Transportation Authority

FINANCE AND ADMINISTRATION
COMMITTEE

THURSDAY, JANUARY 9, 2025

MARYLAND TRANSPORTATION
AUTHORITY 2310 BROENING HWY
BALTIMORE, MD 21224

FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA
January 9, 2025 – 9:00 a.m.

This meeting will be livestreamed on the [Finance and Administration Committee Meeting Archive | MDTA \(maryland.gov\)](#)

NOTE: This is an Open Meeting being conducted via livestreaming. The public is welcomed to watch the meeting at the link listed above. *If you wish to comment on an agenda item please email your name, affiliation, and agenda item to edickinson@mdta.state.md.us no later than noon on Wednesday, January 8, 2025. You MUST pre-register in order to comment.* Once you have pre-registered you will receive an email with all pertinent information.

AGENDA

OPEN SESSION

Call to Order

- | | | | |
|----|---|--|---------|
| 1. | <u>Approval</u> – Open Meeting Minutes from December 5, 2024 | Chairman von Paris | 5 min. |
| 2. | <u>Update</u> – Independent Auditors’ Report on the FY 2024 Financial Statements | Deb Sharpless
Sean Walker, CLA | 15 min. |
| 3. | <u>Update</u> – Update on Non-recourse Financings & Loans – Annual update on outstanding non-recourse debt financings and MDTA loans to other TBUs | Allen Garman
Yaw Berkoh
Tayna Wojtulewicz, MAA
Daniel Favarulo, MAA | 10 min. |
| 4. | <u>Update</u> – Update on IT Division Consolidation - Verbal | Bruce Gartner | 10 min. |

Vote to Adjourn

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FINANCE AND ADMINISTRATION COMMITTEE MONTHLY MEETING
THURSDAY, DECEMBER 5, 2024
OPEN MEETING VIA LIVESTREAMING

OPEN SESSION

MEMBERS ATTENDING: Cynthia Penny-Ardinger
Dontae Carroll
Jeffrey Rosen
John von Paris

STAFF ATTENDING: Jeffrey Brown
Percy Dangerfield
Cheryl Dickinson
Allen Garman
Bruce Gartner
Chantelle Green
Natalie Henson
Richard Jaramillo
Cheryl Lewis-Orr
Ken Montgomery
Mary O’Keeffe
Russell Radziak, Esq.
Tim Sheets
Cheryl Sparks
Jennifer Stump

OTHERS ATTENDING: Paul Barnes – Canton Railroad

At 9:00 a.m., Member John von Paris, Chair of the Finance and Administration Committee, called the meeting to order.

APPROVAL – OPEN MEETING MINUTES FROM NOVEMBER 7, 2024 MEETING

Member von Paris called for the approval of the meeting minutes from the Open Meeting held on November 7, 2024. Member Dontae Carroll made the motion, and Member Cynthia Penny-Ardinger seconded the motion, which was unanimously approved.

UPDATE - CANTON DEVELOPMENT COMPANY

Mr. Paul Barnes, President and CEO of the Canton Development Company, updated the Committee on Canton's customer base and the company's operations and financial performance. Mr. Barnes also updated meeting attendees on key initiatives to secure additional revenue and improve business performance.

APPROVAL – INVESTMENT COMMITTEE REPORT

Mr. Allen Garman provided an update to the Finance Committee on the activities of the Investment Committee for the period ended September 30, 2024. The update included a review of market conditions, portfolio strategies, total return performance, and dealer trade allocations. Market drivers that may influence portfolio performance in the coming months were also discussed, including the economy, fiscal policy, and Federal Reserve monetary policy. Mr. Garman noted that the Investment Committee is not recommending any changes to the investment strategy at this time.

Member von Paris called for the approval of the Investment Committee Report. Member Rosen made the motion, and Member Carroll seconded the motion, which was unanimously approved.

UPDATE – 1ST QUARTER OPERATING BUDGET VERSUS ACTUAL SPENDING

Mr. Jeffrey Brown updated the Finance Committee on actual versus projected year-to-date spending for the first quarter of FY 2025. As of September 30, 2024, 12 percent of the operating budget was spent compared to the target of 22 percent. All objects were below the budget except for personnel expenses.

UPDATE – 1ST QUARTER CAPITAL BUDGET VERSUS ACTUAL SPENDING

Ms. Jennifer Stump updated the Finance Committee on actual year-to-date spending for the first quarter of FY 2025 compared to projected spending as shown in the FY 2025-2030 Draft CTP. As of September 30, 2024, 9.6 percent of the FY 2025 capital budget was spent versus a 25 percent target. Ms. Stump indicated that capital spending for the first quarter is low because of outstanding accruals for work completed in FY 2024.

UPDATE – 1ST QUARTER FY 2025 TRAFFIC AND REVENUE PERFORMANCE REPORT

Ms. Cheryl Lewis- Orr provided the Finance Committee with a quarterly and year-to-date update regarding traffic and toll revenue trends compared to the previous year and the forecast. Revenue was below forecast by \$5.2 million during the first quarter of the fiscal year primarily due to the monthly forecasted allocation of *E-ZPass*® and video toll collections during the month of September. The variance in the monthly allocation of forecasted revenue is expected to smooth out as the fiscal year progresses.

There being no further business, the meeting of the Finance Committee adjourned at 10:02 a.m., following a motion by Member Carroll, and seconded by Member Penny-Ardinger.

John von Paris, Chairman

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Maryland
Transportation
Authority

Wes Moore, Governor
Aruna Miller, Lt. Governor
Paul J. Wiedefeld, Chairman

Board Members:
Dontae Carroll
William H. Cox, Jr.
W. Lee Gaines, Jr.
Mario J. Gangemi, P.E.
Cynthia D. Penny-Ardinger
Jeffrey S. Rosen
Samuel D. Snead, MCP, MA
John F. von Paris

Bruce Gartner, Executive Director

MEMORANDUM

TO: MDTA Finance and Administration Committee
FROM: Deborah Sharpless, MDTA Chief Financial Officer
Sean Walker, CliftonLarsonAllen, Principal
SUBJECT: Independent Auditors' Report on the FY 2024 Financial Statements
DATE: January 9, 2024

PURPOSE OF MEMORANDUM

To present the results of the financial statement audit conducted by the Maryland Transportation Authority's independent auditor, CliftonLarsonAllen, LLP.

SUMMARY

The attached presentation includes an overview of the key areas of emphasis, internal controls, required auditor communications, and future considerations. An unmodified opinion was issued by the independent auditor.

ATTACHMENT

- PowerPoint Presentation – MDTA 2024 Financial Audit Results

A photograph of a teal bicycle with orange handlebars and a fender, viewed from the front. The bicycle is positioned on a paved road that stretches into the distance, flanked by lush green trees and a bright sun on the right side, creating a lens flare effect.

Maryland Transportation Authority

2024 Financial Audit Results

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Agenda

- Audit Overview
- Internal Control Deficiencies
- Required Auditor Communications
- Future Considerations



Key Players

- MDTA

- Deborah Sharpless
- Chantelle Green
- Allen Garman
- Kenneth Montgomery
- Vicky Dobbins

- CLA LLP

- Sean Walker, Principal
- Josh McClain, Senior



Audit Overview

- Areas of emphasis –
 - Investments
 - Capital assets and leases
 - Long-term debt
 - Revenue (estimate for tolling activity)
 - Intergovernmental agency relationships
 - Financial reporting
 - Key Bridge transactions

- Status: Unmodified Opinion Issued



Internal Controls

- Evaluated internal control design for significant account balance and classes of transactions
 - No material weaknesses or significant deficiency identified.
- Context: Internal controls deficiencies that have a likelihood or caused material misstatements in the financial statements prior to finalizing our audit procedures.

Governance Communications

- Significant accounting policies
 - Consistent with prior year
 - Adoption of GASB No. 103, *Financial Reporting Model Improvements*
- Accounting estimates
 - Allowance on receivables
 - Pollution remediation liabilities
 - Capital asset depreciation
 - Pension liabilities
- Difficulties encountered in performing the audit
 - None



Governance Communications

- Uncorrected misstatements – none
- Corrected misstatements - none
- Disagreements with management - none
- Consultation with other accountants – none
- Significant issues discussed with management prior to retention - none
- Representation from management





Questions?

We'll get you there.

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Sean M. Walker, CPA, CFE, CGFM,
CGMS

Principal

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MEMORANDUM

TO: MDTA Finance and Administration Committee
FROM: Yaw Berkoh, Debt Administrator
Kevin Cullity, Director of Treasury and Debt
Allen Garman, Deputy Director of Finance
SUBJECT: Non-Recourse Debt Update
DATE: January 9, 2025

PURPOSE OF MEMORANDUM

To provide a required update on contracts and project improvements at BWI Marshall Airport that are funded from pledged passenger enplanement fees and consolidated rental car facility fees, as well as the status of other conduit financings and the loan to the Maryland Aviation Administration (MAA).

SUMMARY

Key Points

1. Passenger Facility Charge improvement account funds on hand and projected net revenues are sufficient to meet near term capital expenditure needs of projects approved by the MDTA.
2. Consolidated Rental Car Facility improvement account funds on hand and projected net revenues are sufficient to meet near term capital expenditure needs of projects approved by the MDTA.

Section 3 of Resolution 14-03 requires periodic updates to the Finance and Administration Committee and board on MAA contracts and project improvements that are funded from PFC Passenger Facility Charge (PFC) and Consolidated Rental Car Facility (CRCF) pledged revenues. The PFC Financing Agreements and the CRCF Financing Agreement require the MDTA Board approval of all contracts prior to MAA's submission to the Board of Public Works. The 2014 board resolution delegated authority to the Executive Director to approve contracts funded from pledged PFC and CRCF revenues.

In 2018, the MDTA Board authorized a \$50 million loan to the MAA to finance certain improvements at BWI Airport.

ANALYSIS**Nonrecourse Debt**

Obligor	Series	Final		Par		Funded	Coupon
		Maturity	Pledged	At Issue	Outstanding		
BWI Rental Car Facility	2002	7/1/32	Car Rental Fees	\$ 117.3	\$ 54.9	BWI Car Rental Facility	Fixed
BWI PFC	2012A	6/1/32	Enplanement Charges	50.9	25.7	Airport Projects	Fixed
BWI PFC	2012B	6/1/27	Enplanement Charges	92.1	22.7	Airport Projects	Fixed
BWI PFC	2014	6/1/32	Enplanement Charges	40.0	24.3	Airport Projects	Fixed
BWI PFC	2019	6/2/39	Enplanement Charges	108.7	93.1	Airport Projects	Fixed
Calvert Street Parking Garage	2015/05	7/1/32	State Appropriation	23.8	10.0	State Garage Annapolis	Fixed
				\$ 432.8	\$ 230.7		

December 31, 2024

BWI Consolidated Rental Car Facility (CRCF)

The MDTA issued \$117.3 million of taxable revenue bonds in 2002 to finance the construction of the CRCF, a shuttle bus maintenance facility, vehicle storage facilities, and related roadway and utility infrastructure improvements. As of December 31, 2024, outstanding bonds totaled \$55 million. Pledged revenues are derived from a fee of \$5.75 per rental car transaction, with capital improvements funded from net CRCF pledged revenues. The transaction rate was raised from \$3.75 on January 1, 2024. This was the first increase since 2008 and was necessitated to strengthen debt service coverage above the targeted 1.5-times level and provide funds for capital preservation.

BWI enplanements for FY25 are projected to exceed prepandemic levels, though the rental transactions are modeled to remain lower as a function of national industry trends for car usage in favor of alternative transportation such as ride-hail services. Based on the MAA's forecast, fiscal 2025 revenue is expected to be sufficient to pay debt service. Incorporating the new rental car rate for FY25, MAA is projecting coverage to exceed 1.5-times, comfortably above the 1.25 times Rate Covenant.

Combined Reserves in the Facility Improvement Fund and the Coverage Fund exceed \$18 million or 200% of annual debt service, providing additional financial flexibility.

BWI Passenger Facility Charge (PFC)

In 2012, 2014, and 2019, the MDTA issued a combined \$335 million in five series of PFC backed revenue bonds for infrastructure improvement projects at BWI Airport. Pledged revenues are derived from a charge of \$4.50 per passenger. As of December 31, 2024, outstanding bonds totaled \$165.8 million. Capital improvements are funded from bond proceeds and net PFC pledged revenues.

The fiscal 2024 debt service coverage ratio was 1.70 times. Based on MAA projections, fiscal 2025 debt service coverage is estimated at 1.81 times. Net Revenues held in the Improvement Fund and available for projects total \$58.1 million.

Per IRS rules for tax-exempt financings, a normal arbitrage calculation is required on the five-year anniversaries of issuance. Arbitrage refers to the profit from borrowing funds in the tax-exempt market and investing bond proceeds in the taxable market. MDTA conducted an arbitrage calculation in June 2024. Calculated investment earnings were below the yield restriction, so no rebate was due to the IRS.

Calvert Street Parking Garage

In 2005, the MDTA issued \$23.785 million Parking Lease Revenue Bonds for Calvert Street Parking Garage Project in Annapolis, Maryland. The employee parking facility is operated by the Maryland Department of General Services (DGS) through an intergovernmental financing agreement. Debt service is funded through state appropriations.

MAA Loan

The \$20 million lending agreement to finance Concourse A improvements was executed on February 10, 2020, with MAA draws permitted through September 30, 2020. Principal and interest payments began on January 15, 2021. Level debt service at a 1.53% financing rate will be paid through July 15, 2033. The loan may be prepaid at any time.

ATTACHMENTS

PFC and CRCF Project Tables

Maryland Aviation Administration
Baltimore/Washington International Thurgood Marshall Airport
Status Update of Customer Facility Charge (CFC) Funded Projects for MDTA

Customer Facility Charge Program – Facility Improvement Funds

- Please see the following chart for detailed project information. Project Cost includes design, program management, construction management, and construction.

Project Title	Project Scope	Project Status	Expected Completion	Project Costs*	Expenses To Date
CRCF Reallocation	Complete the improvements necessary to facilitate the reallocation of the existing consolidated rental car facility space among companies.	Design underway	FY 2027	\$3,796,360	\$21,254
CRCF Fire Alarm & Fire Suppression System	Replace existing fire alarm control panels at each Quick Turn Around Area.	Awaiting design proposal.	FY 2027	\$1,230,000	\$0
CFCF Wayfinding Signage	New signage and modification to existing signage based on completed Reallocation	Awaiting design proposal.	FY 2027	\$1,230,000	\$0
Total				\$6,256,360	\$21,254

Non-Recourse Debt Update
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Maryland Aviation Administration
Baltimore/Washington International Thurgood Marshall Airport
Status Update of PFC Funded Projects for MDTA

Passenger Facility Charge Program – 2019 Bond Funds

- As of January 2025, one 2019 bond funded project remains open and is expected to be closed out by end of FY 2025. The project is waiting for the final invoice.
 - Restrooms Improvements

PFC Project #	Project Name	Project Scope	Project Status	Expected Completion	Project Cost*	Expenses To Date
13-04	Restroom Improvement Program	This program will renovate 6 sets of BWI Marshall Airport restroom facilities over a four-year period. Scope includes some facility expansion, new fixtures, addition of stalls, new partitions, and supporting infrastructure.	Substantially complete. Waiting for final invoice.	FY 2025	\$68,910,448	\$68,373,683

*Cost Estimate includes design, program management, construction management, and construction.

Passenger Facility Charge Program – Improvement Funds

- As of January 2025, 11 projects funded by the Facility Fund are underway and are expected to be completed by 2027.

PFC 10 – Received FAA Approval 09/25/12

- Property Acquisition

PFC 13 – Received FAA Approval 03/12/19

- BWI Mobile Stairs and Medical Lift
- Residential Sound Mitigation Program

PFC 14 – Received FAA Approval 10/20/23

- Group V Aircraft Remote Parking
- Snow Equipment

PFC 15 – Received FAA Approval 2/29/24

Non-Recourse Debt Update
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Maryland Aviation Administration
Baltimore/Washington International Thurgood Marshall Airport
Status Update of PFC Funded Projects for MDTA

- o D/E Bag Claim Expansion Decision
- o Checkpoint D/E Expansion
- o Concourse E Outbound Baggage Handling System
- o Concourse A/B Baggage Claim 0-5 Reconfiguration
- o Controlled Access Security System (CASS) Replacement – Phase 1
- o BGE & ST-AB Substation Replacement

PFC Project #	Project Name	Project Scope	Project Status	Expected Completion	PFC Project Cost*	Expenses To Date
10-01	Property Acquisition – Runway Protection Zone (RPZ)	This program will acquire four properties under the Runway Safety Area/Runway Protection Zone project.	Negotiations underway.	FY 2026	\$1,643,000	\$7,000
13-03	Residential Sound Insulation Program (RSIP)**	This project will reestablish the Homeowner Noise Assistance Program using the FAA approved 2016 Part 150 Update. The 188 properties identified within the 65 DNL contour are considered “potentially eligible” for the Residential Sound Mitigation Program and will create a multi-year program based on homeowner desires to participate in sound mitigation treatment or acquisition.	Project under construction.	FY 2026	\$6,876,000	\$577,004
13-11	BWI Mobile Stairs and Medical Lift	This project replaces two mobile lounges with two stair trucks and a medical lift.	Supply Chain Delays. Expect Delivery in April 2025.	FY 2025	\$1,115,880	\$69,499
14-01	Group V Aircraft Remote Parking	This project will expand remote parking for Group V aircraft by repaving a portion of the existing parking lot by Concourse E.	Design underway.	FY 2027	\$2,050,000	\$269,815
14-02	Snow Equipment Replacement	This project replaces 26 pieces of snow removal equipment dating from 1999 to 2013.	Procurement underway. To date 12 pieces of equipment received.	FY 2027	\$20,335,000	\$7,564,976
15-01	D/E Bag Claim Expansion – Design Only	The project will provide for the expansion of the D/E domestic baggage claim with one additional bag claim belt.	Design underway.	FY 2026	\$1,800,000	\$146,320

Baltimore/Washington International Thurgood Marshall Airport
Status Update of PFC Funded Projects for MDTA

Passenger Facility Charge Program – Improvement Funds

- As of January 2024, five projects funded by the Improvement Fund are underway and are expected to be completed by 2026.
 - Property Acquisition
 - Residential Sound Mitigation Program
 - BWI Mobile Stairs and Medical Lift
 - Group V Aircraft Remote Parking (received FAA approval 10/20/23)
 - Snow Equipment (received FAA approval 10/20/23)

PFC Project #	Project Name	Project Scope	Project Status	Project Cost*	Expenses To Date
10-01	Property Acquisition	This program will acquire four properties under the Runway Safety Area/Runway Protection Zone project.	Negotiations underway. Expected completion in FY 2026.	\$1,643,000	\$7,000
13-03	Residential Sound Mitigation Program	This project will reestablish the Homeowner Noise Assistance Program using the FAA approved 2016 Part 150 Update. The 188 properties identified within the 65 DNL contour are considered “potentially eligible” for the Residential Sound Mitigation Program and will create a multi-year program based on homeowner desires to participate in sound mitigation treatment or acquisition.	Project under construction. Expected completion in FY 2026.	\$6,275,981 <i>*Note: This is the 20% match to 80% Federal funding.</i>	\$168,347
13-11	BWI Mobile Stairs and Medical Lift	This project replaces two mobile lounges with two stair trucks and a medical lift.	Receipt of equipment expected in FY 2024.	\$1,185,380	\$69,499
14-01	Group V Aircraft Remote Parking	This project will expand remote parking for Group V aircraft by repaving a portion of the existing parking lot by Concourse E.	Design underway.	\$2,050,000	\$40,188
14-02	Snow Equipment Replacement	This project replaces 26 pieces of snow removal equipment dating from 1999 to 2013.	Procurement underway.	\$20,335,000	\$0

*Cost Estimate includes design, program management, construction management, and construction.

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VERBAL