



Maryland Transportation Authority

FINANCE COMMITTEE

THURSDAY, OCTOBER 12, 2023

MARYLAND TRANSPORTATION AUTHORITY
2310 BROENING HWY
BALTIMORE, MD 21224



Maryland
Transportation
Authority

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

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

Joseph G. Sagal, Executive Director

MEMORANDUM

TO: John von Paris, Chair
Dontae Carroll
Cynthia D. Penny-Ardinger
Jeffrey Rosen

FROM: Chantelle Green, Director of Finance

SUBJECT: Finance Committee Meeting

DATE: October 6, 2023

Enclosed are your materials for the Finance Committee Meeting on Thursday, October 12, 2023. The meeting will begin at 9:00 a.m. and will be conducted via Microsoft Teams. In accordance with the Open Meetings Act, the meeting information will be published on the MDTA's website to allow members of the public to observe the meeting. As a reminder, the meeting will be livestreamed.

Below please find the directions to log into the meeting:

- Open the Microsoft Teams app on your MDTA issued iPad
- Once in the app, go to the Microsoft Teams calendar
- The Finance Committee meeting will appear on the calendar for the appropriate date
- Click the button that says "Join"
- Make sure you have your Video On and your Sound on Mute unless speaking
- Your video will remain on the duration of the meeting.

If I can provide additional assistance, please email or call me at the following:

Chantelle Green
Director of Finance
Office: 410-537-5751
Cell: 443-915-7739
Email: cgreen2@mdta.state.md.us

cc: Joseph G. Sagal, Executive Director
Deborah Sharpless, Chief Financial Officer

ATTACHMENTS

Informational Items:

- Investment Report
- Rate Covenant
- Financial Report

**FINANCE COMMITTEE MEETING AGENDA
OCTOBER 12, 2023 – 9:00 a.m.**

This meeting will be livestreamed on the [MDTA Finance Committee Page](#)

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 cdickinson@mdta.state.md.us no later than noon on Tuesday, October 10, 2023. 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. **Approval** – Open Meeting Minutes from September 14, 2023 Chairman von Paris 5 min.

2. **Update** – Update on the Canton Development Company Deb Sharpless 15 min.
Paul Barnes, Canton
David Bordner, Canton

3. **Update** – CTP Process/Additions Jennifer Stump 10 min.

Vote to Adjourn

ITEM

1

FINANCE COMMITTEE MONTHLY MEETING
THURSDAY, SEPTEMBER 14, 2023
OPEN MEETING VIA LIVESTREAMING

OPEN SESSION

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

STAFF ATTENDING: Erika Brantley
Jeffrey Brown
Toni Caschera
Jeff Davis
Cheryl Dickinson
Tina Dorn
Allen Garman
Chantelle Green
James Harkness
Natalie Henson
Richard Jaramillo
Cheryl Lewis-Orr
Selena McKissick
Kenneth Montgomery
Russell Radziak, Esq.
Deb Sharpless
Tim Sheets
Jennifer Stump

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

APPROVAL – OPEN MEETING MINUTES FROM AUGUST 10, 2023 MEETING

Member von Paris called for the approval of the meeting minutes from the Open Meeting held on August 10, 2023. Member Dontae Carroll observed a mistake in the minutes. The mistake was corrected, and the revised minutes were recommended for approval. Member Dontae Carroll made the motion, and Member Cynthia Penny-Ardinger seconded the motion, which was unanimously approved.

APPROVAL – CONTRACT NO. MT-00210823, SLUDGE & DEBRIS REMOVAL – FMT TUNNEL

Ms. Toni Caschera requested a recommendation of approval from the Finance Committee to present Contract No. MT-00210823, Sludge & Debris Removal – FMT Tunnel to the full Maryland Transportation Authority (MDTA) Board at its next scheduled meeting.

This contract is for the provision of Sludge & Debris Removal services that will include the removal and disposal of liquids, sludge, and debris from four wet wells located at the Fort McHenry Tunnel (FMT) to reduce the amount of sediment being released into the Bay and to avert flooding. The contract includes all labor, transportation, and services necessary for adequate performance. Five bids were opened on July 25, 2023. The contract was awarded to the lowest bidder, The Julian Companies, Inc., with a bid of \$548,475.00.

Member von Paris called for a motion to recommend approval of this item to the full MDTA Board at the next scheduled meeting. Member Penny-Ardinger made the motion and Member Rosen seconded the motion, which was unanimously approved.

APPROVAL – CONTRACT NO. MT-00210859, JANITORIAL SERVICE – JFK & TJH FACILITIES

Ms. Tina Dorn requested a recommendation of approval from the Finance Committee to present Contract No. MT-00210859, Janitorial Service - JFK and TJH Facilities to the full MDTA Board at its next scheduled meeting.

This contract provides comprehensive janitorial services at the John F. Kennedy (JFK) and Thomas J. Hatem (TJH) facilities. This contract will be performed by a Community Service Provider: Lyles Cleaning Services, LLC. The Pricing and Selection Committee approved the rates for these services on July 27, 2023. The total cost of the contract is \$2,160,888.55. The contract includes a three-year base cost of \$1,262,037.12 and a two-year renewal cost of \$898,851.43. There is no MBE/VSBE goal since this is a preferred provider. No bid justification is required.

Member von Paris called for a motion to recommend approval of this item to the full MDTA Board at its next scheduled meeting. Member Rosen made the motion, and Member Penny-Ardinger seconded the motion, which was unanimously approved.

UPDATE – FOURTH QUARTER OPERATING BUDGET VERSUS ACTUAL SPENDING

Mr. Jeffrey Brown updated the Finance Committee on actual versus projected year-to-date spending for the fourth quarter of FY 2023. As of June 30, 2023, 96% of the operating budget was spent compared to the target of 100%. The primary drivers for the overall underspending were personnel vacancies and delayed vehicle purchases. These reductions were partially offset by increases in fuel and utilities and insurance expenses. Object 06 (Fuel & Utilities) was above budget at an 110% spend rate due to the delayed receipt and payment of FY 2022 utility invoices. Object 13 (Fixed Charges) was above budget at a 148% spend rate due to insurance premium increases. There was significant discussion held in the meeting about ways to secure less expensive insurance coverage and the process that is utilized to ensure the most competitive insurance rates are attained.

Due to other commitments, Member Dontae Carroll left the meeting at 9:30 am.

UPDATE – FOURTH QUARTER CAPITAL BUDGET VERSUS ACTUAL SPENDING

Ms. Jennifer Stump updated the Finance Committee on actual year-to-date spending for the fourth quarter FY 2023 compared to projected spending as shown in the FY 2023-2028 Draft CTP. As of June 30, 2023, 81.2% of the FY 2023 capital budget was spent as compared to the target of 100%. The total budget for FY 2023 is \$556.0 million. Actual spending through the third quarter of FY 2023 was \$451.7 million.

UPDATE – FOURTH QUARTER TRAFFIC AND REVENUE

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. The key takeaways regarding year-to-date traffic and revenue performance are that (1) passenger vehicle traffic levels continue to track closely to pre-pandemic levels; (2) commercial vehicle traffic levels continue to outperform pre-pandemic levels; and (3) systemwide, transactions and revenue exceed the forecast by 4.2% and 8.5%, respectively.

There being no further business, the meeting of the Finance Committee adjourned at 9:50 a.m., following a motion by Member Rosen, and seconded by Member Penny-Ardinger.

John von Paris, Chairman

ITEM

2



Maryland
Transportation
Authority

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

Board Members:
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Jeffrey S. Rosen
Samuel D. Snead, MCP, MA
John F. von Paris

Joseph G. Sagal, Executive Director

MEMORANDUM

TO: Finance Committee
FROM: Deborah Sharpless, Chief Financial Officer
SUBJECT: Update on the Canton Development Company
DATE: October 12, 2023

PURPOSE OF MEMORANDUM

To provide the Finance Committee with an update on the Canton Development Company's operations and performance.

BACKGROUND

The Canton Railroad Company, owned by MDTA since 1987, operates along 16 miles of track and provides railroad access to the Seagirt Marine Terminal. The Canton Railroad Company has served the Port of Baltimore and southeast Baltimore City industries since its chartering in 1906.

ATTACHMENT

- Canton Development Company Presentation



CANTON DEVELOPMENT COMPANY

PRESENTATION TO MDTA FINANCE COMMITTEE





BACKGROUND

Canton Development Company

Canton Railroad Company

Freestate Logistics Services



CANTON DEVELOPMENT COMPANY

- **Holding company owned by MDTA (100% stock)**
- **Acquired in 1987 to preserve rail access to Seagirt Marine Terminal**
- **Owns Canton Railroad Company**
- **Owns Freestate Logistics Services**

CDC FINANCIAL RESULTS FOR 2022

- **Revenue: \$4.5 million**
- **Other income: (\$7K)**
- **Tax provision: (\$436K)**
- **Net profit: \$263K**



CANTON RAILROAD COMPANY





- **5 Locomotives**
- **22 Employees**
- **16 Miles of rail**
- **26 Customers**
- **2022 Carloads: 4,732**
- **2022 Revenue: \$3.7 million**



KEY INITIATIVES



Acquire	Remainder of Penn-Mary yard from CSX (estimated \$1.75 million)
Implement	Penn-Mary track improvements for Howard Street Tunnel Project
Complete	Operating agreement with CSX to handle traffic within Baltimore Terminal
Acquired	Kane Street property from MDTA for new customer development

GRANTS



**Canton RR was denied a
CRISI Grant of up to
\$7,000,000 to replace worn
track and 28 switches**

**Canton was prepared to
match up to \$1,507,000**



CASH & INVESTMENT POSITION

Cash: Canton Development	\$ 795,174
Canton Railroad	2,722,010
Freestate Logistics	<u>922,609</u>
Total Cash	\$ 4,439,793

Investments: Brown Advisory	\$ 3,004,968
T. Rowe Price	<u>247,144</u>
	\$ 3,252,112

Total Cash and Investments:	<u>\$ 7,691,905</u>
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FREESTATE LOGISTICS SERVICES, INC
PERRYVILLE, MARYLAND





**SINCE 2006
PRINCIPIO BUSINESS PARK**



- **Serves General Electric Appliance Distribution Center**
- **Americold Warehouse**
- **3 Full Time Employees**
- **2 Locomotives**
- **2022 Carloads: 5,557**
- **2022 Revenue: \$803K**

KEY INITIATIVES

Looking to expand
switching operation
for
industrial sand

Looking for a viable
site to open a
transload facility



EX-OFFICIO DIRECTOR

- **CDC Board consists of six Directors**
 - **MDTA Board Member serves in ex-officio capacity (Member Cox)**
 - **Canton by-laws require Ex Officio Director approval for certain actions**
- **Member Cox's perspectives**
 - **New President/CEO is an "Exceptional Leader"**
 - **"Paul Barnes is a visionary and forward-thinking leader. His extensive rail transportation knowledge and experience coupled with his strong ties to the short line industry will be instrumental in propelling Canton forward and solidifying its presence within the industry."**
 - **Planning for the future**
 - **Strategic plan is being developed to expand Canton's customer base and to mitigate the risk associated with fewer business opportunities in the surrounding area due to residential development**
 - **Leveraging new business opportunities**
 - **Canton is actively pursuing real estate and capital investment strategies that will enhance future business**

ITEM

3



MEMORANDUM

TO: MDTA Finance Committee
FROM: Assistant Capital Program Manager Jennifer Stump
SUBJECT: Consolidated Transportation Program (CTP) Process/Additions
DATE: October 12, 2023

PURPOSE OF MEMORANDUM

The purpose of the memorandum is to provide the MDTA Finance Committee with a review of the MDTA Consolidated Transportation Program (CTP) process and an update of additions to the capital program. This information was presented to the MDTA Capital Committee on October 5, 2023, and will be presented to the full MDTA Board on October 26, 2023.

SUMMARY

Each year the Maryland Transportation Authority (MDTA) releases the CTP. The CTP presents MDTA's ongoing and new capital projects for a six-year rolling period (the current year, the upcoming budget year, and the four succeeding planning years) for all MDTA facilities. For each Draft CTP, the current year from the prior Final CTP is removed from the program because it has been closed out and one planning year is added at the end of the program. Historically, the largest year-over-year increases are reflected in the draft CTP whereas, changes to the final CTP are generally less substantial.

After approval by the MDTA Board in June of each year, the Draft CTP is presented to local elected officials and citizens in September through November throughout Maryland for review and comment. It is then revised and submitted, after MDTA Board approval in November, as the Final CTP as part of the Governor's budget to the Maryland General Assembly in January. This process is required by statute and applies to MDTA in addition to the MDOT modes.

The projects in the CTP are separated into three programs:

1. Construction Program - Major Projects,
2. Development and Evaluation (D&E) Program - Major Projects, and
3. System Preservation - Minor Projects.

The Construction Program – Major Projects and System Preservation – Minor Projects programs include ongoing projects and those projects scheduled to begin construction within the six-year period. The D&E Program contains those major projects which are being prepared for possible future addition to the Construction Program. Projects are moved from the D&E Program to the Construction Program as funds and resources become available, based on the merits of the projects. Currently, the Tier 2 NEPA Bay Crossing Study is the only D&E project in MDTA's CTP.

PROJECT SELECTION

MDTA's capital projects originate from a variety of sources.

- Long Range Capital Needs (LRCN)
- Inspection findings
- Regulatory compliance
- Increased capacity needs
- Local Priority Letters/Legislative Requests

The Long Range Capital Needs (LRCN) includes planned rehabilitation or replacement projects based on life cycle. The Office of Engineering and Construction (OEC), the Division of Planning and Program Development (DPPD), the Division of Operations, and other stakeholders annually review the useful life of facility components and estimate costs and timelines to rehabilitate or replace the components. The expected useful life of a component does not provide an exact rehabilitation or replacement date but gives an idea of when the MDTA should begin planning and budgeting to address it.

Inspection findings are used in tandem with life cycle estimates to confirm rehabilitation or replacement is necessary as scheduled or to expedite a project when it is needed ahead of schedule. Additionally, inspections can reveal the opportunity for smaller scale repairs that can prevent a facility or component from degrading to the point of needing replacement via a larger, more expensive design-bid-build project. These small scope repairs can be diverted to on-call contracts. On-call contracts are a critical part of the program approach to system preservation.

The remaining sources – regulatory compliance, capacity needs, and local priorities – make up a smaller proportion of the CTP. Regulatory compliance includes projects for EPA-mandated storm water management. Increased capacity needs are based on traffic forecast recommendations. Local priorities are established each year as counties are asked to submit a list of priorities for the state transportation system. Generally, these priority letters include the concurrence signatures of the legislative delegation representing that county.

The FY 2024-2029 Final CTP will reflect the addition of eight projects totaling \$9.35 million (see Attachment A). The Final CTP will also include the addition of \$360 million in the allocated reserve in the six-year CTP. The additional funding is needed to offset a double-digit rise in construction costs and increased needs related to aging infrastructure. It is anticipated that additional funding will be needed beyond the six-year CTP.

The additional funding will support projects that must be funded to maintain our assets before conditions deteriorate to a point where they require more extensive and expensive rehabilitation projects. These projects address needs before they present a risk to the asset performance, and they maintain our system in a good state of repair. The needs include: full bridge replacements; bridge deck replacements & deck resurfacing; roadway resurfacings; bridge system preservation measures such as scour remediation & steel beam (superstructure) rehabilitation retrofits; other critical facility/infrastructure renovations & rehabilitations such as roof replacements & tunnel switchgear replacement; safety needs directly affecting traveling public such as tunnel fire protection and "on call" contracts to address critical needs on structures, roadway, electrical/ITS features, drainage, & environmental features; and toll system (lane, customer service center, back office) replacement.

Funding availability to budget for identified projects is based on the MDTA's six-year financial forecast, which considers estimates of traffic and revenue (prepared annually), the operating budget and capital budget, debt service payments, the potential need for future bond sales and toll increases, and compliance with financial standards (Trust Agreement covenant, debt service coverage, unrestricted cash balance).

ATTACHMENT

Attachment A - New Projects Added to the FY 2024-2029 MDTA Capital Program

New Projects Added to the FY 2024-2029 MDTA Capital Program

Replacement of BB North Ferry Slip

Bay Bridge (Pin 2609)

\$250,000 (Engineering only)

The annual inspections program and an in-depth study revealed the need for replacement.

On-Call Facility/Building Repairs

Multi-Area (Pin 2634)

\$4,725,000

Provide labor, equipment, materials, etc. to perform repairs, upgrades, replacements, and new construction. Includes interior and exterior on campus of any MDTA facilities.

50%CAP/50%OPER

On-Call Signs, Sign Lights, and Sign Structures

Multi-Area (Pin 2630)

\$924,000 (Engineering only)

This is an on-call contract to install signs, sign lights, and sign structures, and perform miscellaneous sign repairs on all MDTA facilities. Priority 1 sign structure repairs identified through the Annual Facility Inspections will be addressed in this contract.

ICC and JFK Data Center Hardware Replacement

Multi-Area (Pin 2633)

\$2,000,000

Replacement of the Enterprise Uninterruptable Power Supply (UPS) and In-line Cooling Systems in the ICC and JFK Data Centers. The current equipment in both Data Centers has reached end of life status and needs to be replaced.

Replace Eastern Avenue Bridge Over I-895

Baltimore Harbor Tunnel (Pin 2637)

\$100,000

Initial funding is for the utility relocation needed prior to the replacement of the Eastern Avenue bridge over I-895.

BHT Facility Wide Signing Upgrades

Baltimore Harbor Tunnel (Pin 2614)

\$600,000 (Engineering only)

This project is for upgrading the existing signing along the Baltimore Harbor Tunnel facility that are past their service life.

Rehabilitation of Bearing & Misc. Repairs - I-695 Bridges over Bear Creek

Francis Scott Key Bridge (Pin 2638)

\$450,000 (Engineering only)

Evaluation and repair of bridge support bearings and other needed structural repairs.

Shoreline Restoration at FSK Police HQ

Francis Scott Key Bridge (Pin 2639)

\$300,000 (Engineering only)

The shoreline near the FSK police headquarters is eroding and needs to be stabilized. This project was going to be a task under a future on-call, but the size/scope/type of stabilization/etc. has grown in size to justify its own project.

INFORMATIONAL ITEMS



Maryland
Transportation
Authority

Investment Portfolio Management & Performance

Period Ended – August 31, 2023

Meeting Date – October 12, 2023

Agenda & Key Points

Agenda

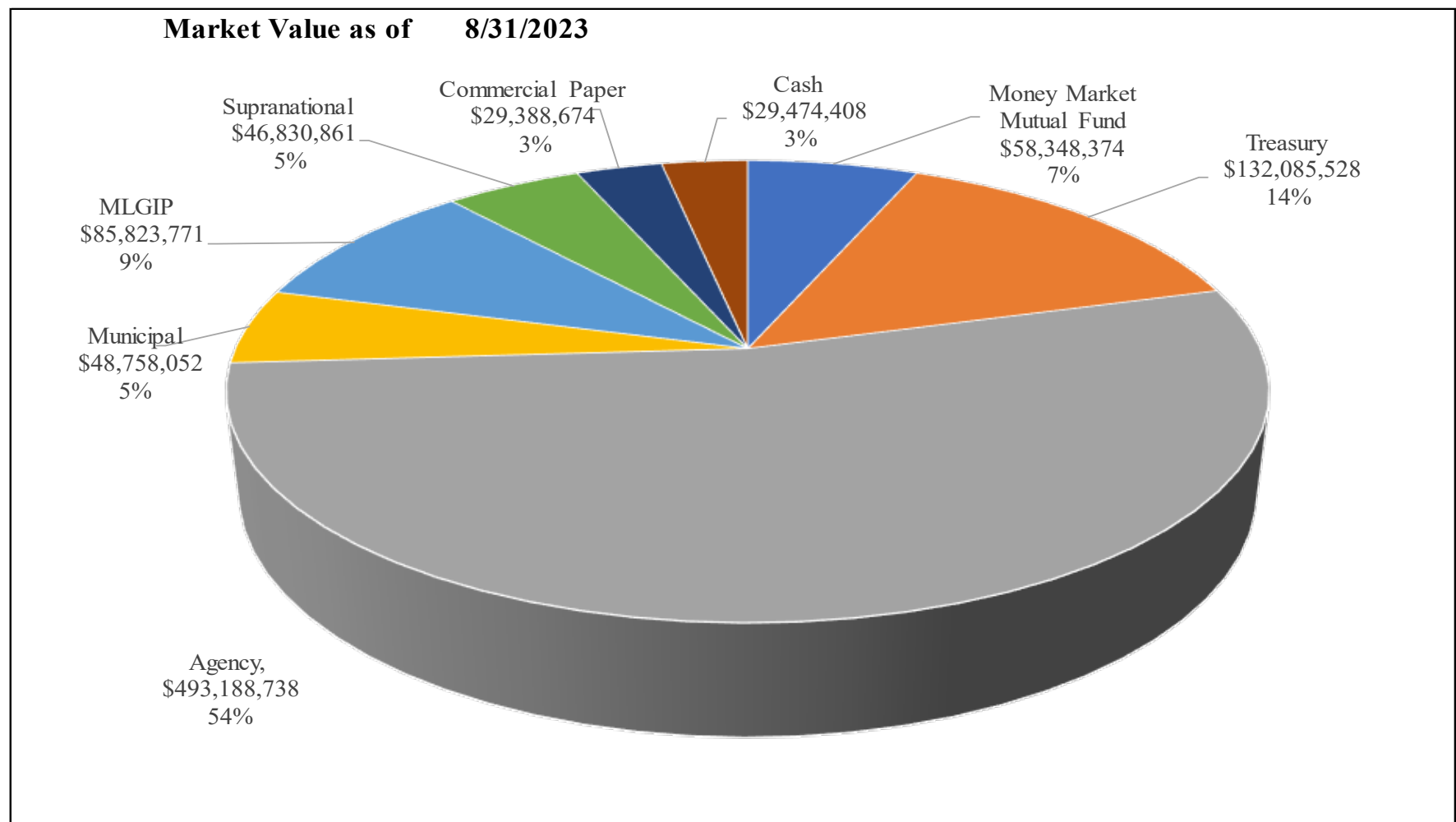
- Market Update
- Portfolio Composition & Compliance
- Strategy
- Total Return Performance

Key Points

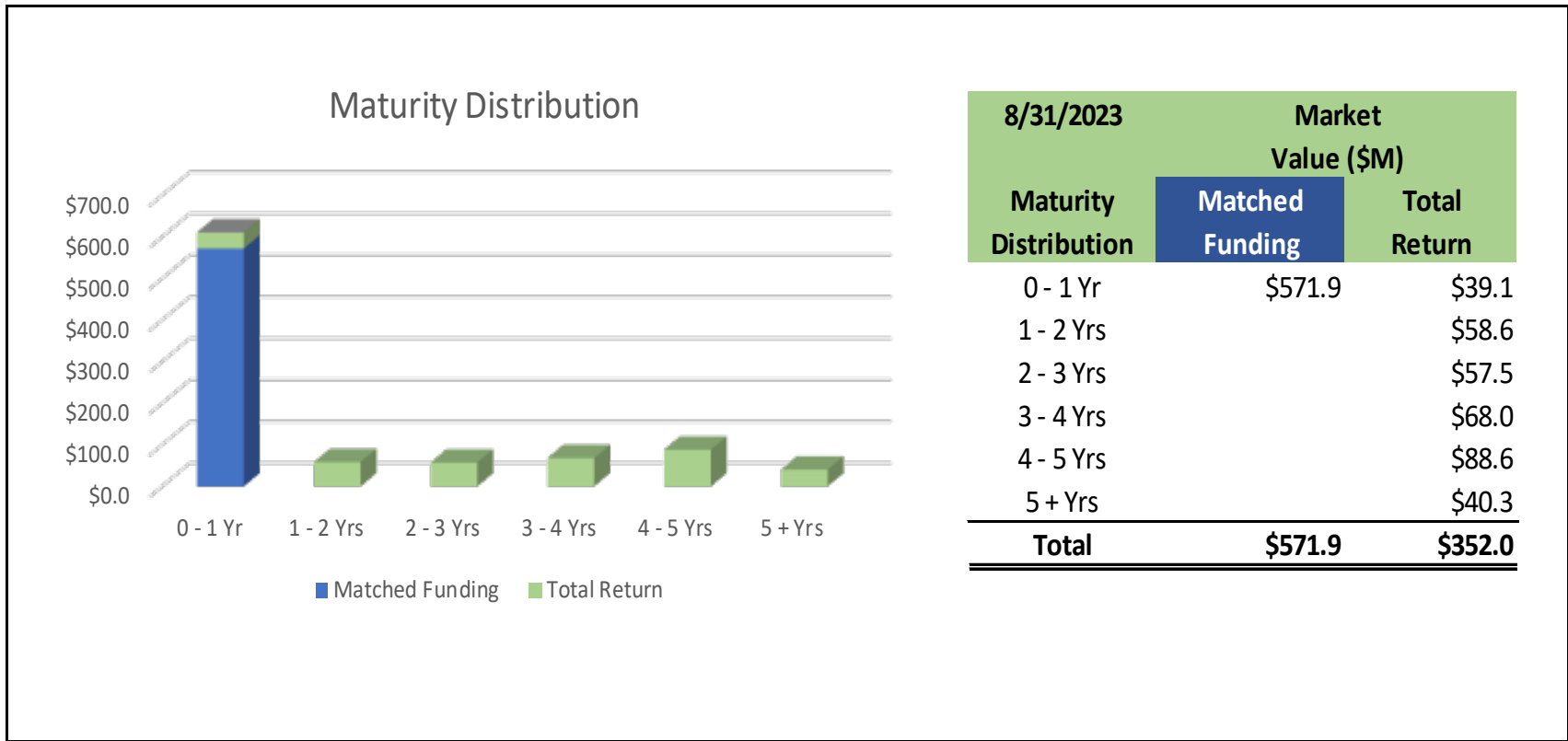
- Diversified investment portfolio remains in compliance with the Investment Policy and Trust Agreement.
- Matched Funded accounts are benefitting from higher prevailing rates for short-term instruments.
- Total Return Investment Strategies
 - Systematic rate rise continues to impact all bond market investors in the form of mark-to-market price declines.
 - Strategies for long-term reserve accounts should remain consistent, despite short-term return volatility associated with the rising interest rate environment.
 - Multi-year returns for long term reserves align with financial forecast and approximate the starting rolling yields, though short-term returns are negative.

Portfolio Composition & Compliance – Security Composition

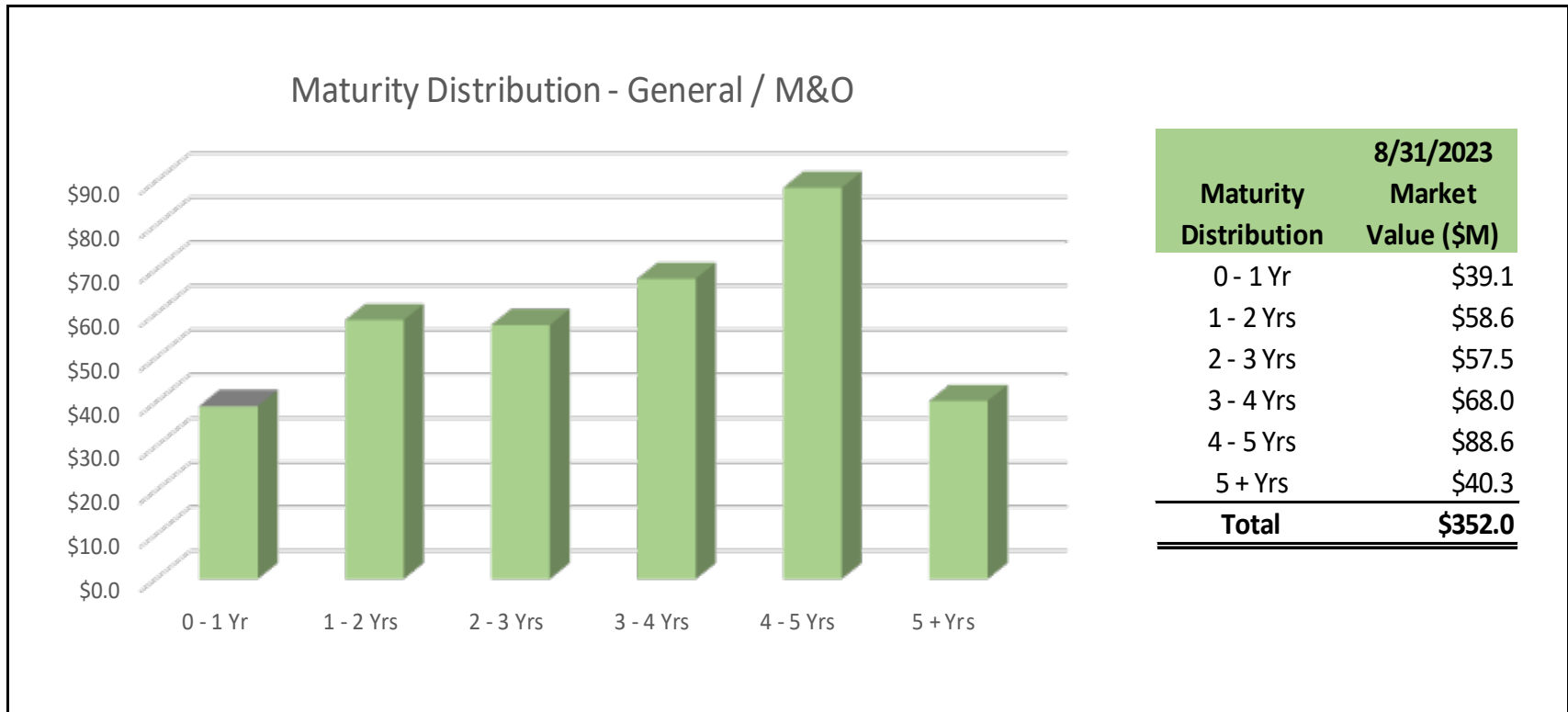
- High quality and diversified portfolio.
 - Capitalizing on relative value opportunities.
 - Higher yield for similar maturities and credit risk.
 - Aligning with cash flow needs.
 - Minimizing credit risks associated with ratings downgrades and/or defaults.



Portfolio Composition & Compliance – Maturity Distribution (All Accounts) ⁴



- Match Funded accounts necessitate maturities heavily weighted within 1 year.
 - Driven by cashflow schedule for debt service, operating expenses, and capital spending.
 - Debt service: \$26M
 - Operating: \$70M
 - Capital: \$477M



- Total Return reserve accounts align durations with benchmark indices.
 - Dispersion of maturities—reduces yield curve concentration risk and benchmark tracking error.
 - General Account: Staggered maturities, 1-month to 5-years
 - M&O Account: Staggered maturities, 1-month to 15-years

Portfolio Composition & Compliance – Compliance Report

- Portfolio complied with all legal and policy limitations throughout the reporting period of 7/31/23 through 8/31/23.
 - Investment holdings above minimum credit ratings.
 - Investment concentrations below required limits.
 - Conformed to maturity limitations.

Maturity Limits			Longest Maturity (# of years)	Policy Limit (# of years)	Compliance With Investment Policy			
Account Types								
Bond Service Accounts			0.3	1	Yes			
Unrestricted (General) *			4.9	5	Yes			
Unrestricted (M&O)			14.3	15	Yes			
* Investment Policy permits maturities to 15 years, longer if approved by CFO. Maturity Limits measured on Settlement Date basis.								
			Credit Ratings		Market	Investment	Compliance	
			S&P	Moody's	Market Value (\$)	% of Total	Policy Limit	With Investment Policy
Cash					29,474,408	3.2%		
Money Market Mutual Funds								
- Goldman Sachs Financial Square Gov't FGTX	AAA	Am	Aaa	-mf	58,241,063	6.3%	100%	Yes
- MLGIP	AAA	Am	NR		85,823,771	9.3%	50%	Yes
- Dreyfus Gov't Cash DGCXX	AAA	Am	Aaa	-mf	107,310	0.0%	100%	Yes
Sub-Total Money Market Mutual Funds					144,172,145	15.6%	100%	Yes
U.S. Treasuries	AA+		Aaa		132,085,528	14.3%	100%	Yes
Federal Agencies								
- Fannie Mae	AA+		Aaa		50,336,829	5.4%	50%	Yes
- Federal Farm Credit Bank	AA+		Aaa		54,446,003	5.9%	50%	Yes
- Federal Home Loan Bank	AA+		Aaa		370,164,906	40.1%	50%	Yes
- Freddie Mac	AA+		Aaa		18,241,000	2.0%	50%	Yes
Sub-Total Federal Agencies					493,188,738	53.4%	100%	Yes

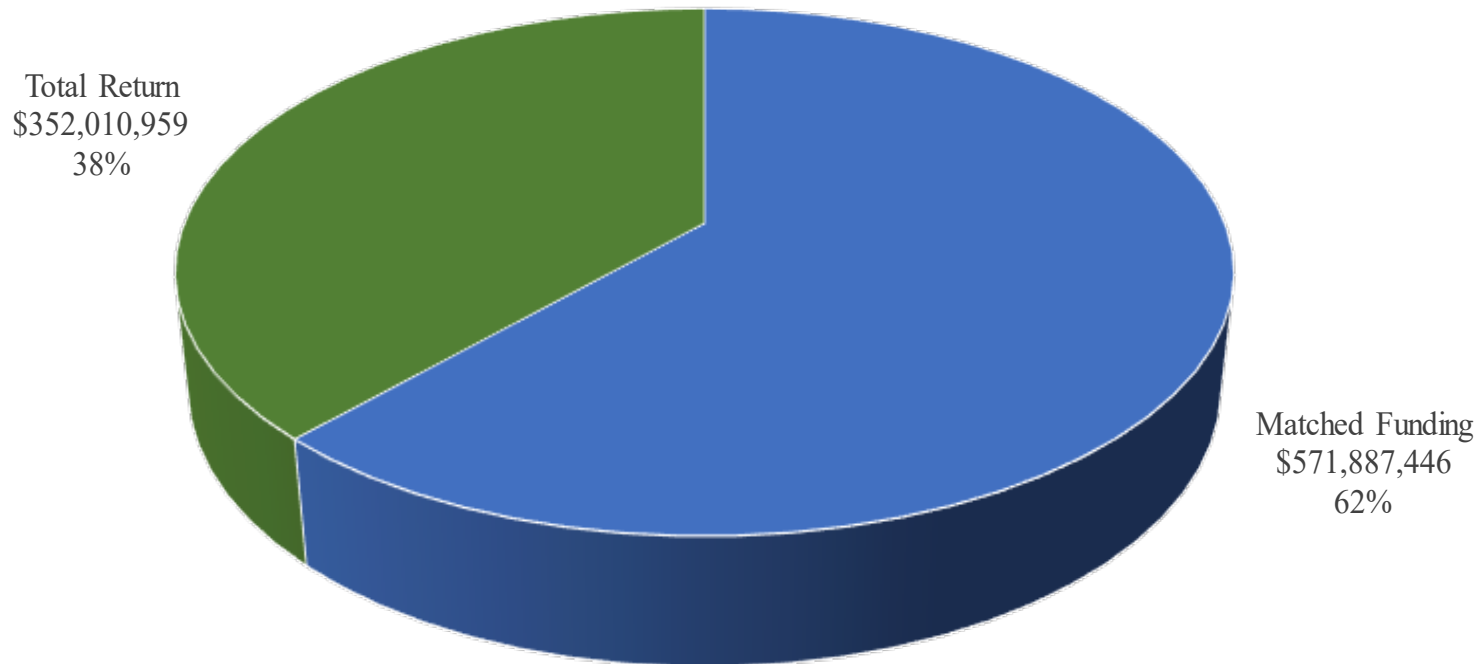
Portfolio Composition & Compliance – Compliance Report (continued)

	Credit Ratings		Market Value (\$)	Market % of Total	Investment Policy Limit	Compliance With Investment Policy
	S&P	Moody's				
Municipal Debt						
- Austin, TX Comm Coll	AA+	Aa1	775,840	0.1%	5%	Yes
- Bergen County, NJ	NR	Aaa	2,645,600	0.3%	5%	Yes
- Boston, City of	AAA	Aaa	1,405,628	0.2%	5%	Yes
- Carroll County, MD	AAA	Aaa	1,029,111	0.1%	5%	Yes
- Contra Costa Comm, CA	AA+	Aa1	1,957,620	0.2%	5%	Yes
- Emeryville, CA	AAA	NR	8,937,311	1.0%	5%	Yes
- Hawaii, State	AA+	Aa2	3,052,044	0.3%	5%	Yes
- Marin County, CA	AAA	Aaa	1,534,630	0.2%	5%	Yes
- Multnomah County, OR	AAA	Aaa	1,364,944	0.1%	5%	Yes
- New York, State	AA+	Aa1	8,522,016	0.9%	5%	Yes
- New York City	AA	Aa2	1,206,120	0.1%	5%	Yes
- Oregon School Board	AA	Aa2	1,130,472	0.1%	5%	Yes
- Santa Clara County	AAA	NR	698,240	0.1%	5%	Yes
- Solano County Community	AA	Aa2	875,072	0.1%	5%	Yes
- Texas, State	AAA	Aaa	5,980,170	0.6%	5%	Yes
- Tulsa ISD, OK	NR	Aa2	4,793,180	0.5%	5%	Yes
- Westchester County, NY	AA+	Aa1	761,870	0.1%	5%	Yes
- Wisconsin, State	AA+	Aa1	2,088,184	0.2%	5%	Yes
Sub-Total Municipal			48,758,052	5.3%	20%	Yes
Supranationals						
- Asian Development Bank	AAA	Aaa	12,203,897	1.3%	10%	Yes
- International Bank for Reconstruction & Development	NR	Aaa	20,071,814	2.2%	10%	Yes
- Inter-American Development Bank	AAA	Aaa	14,555,150	1.6%	10%	Yes
Sub-Total Supranationals			46,830,861	5.1%	30%	Yes
Commercial Paper						
- Toyota Motor Credit	A-1+	P-1	29,388,674	3.2%	5%	Yes
Sub-Total Commercial Paper			29,388,674	3.2%	20%	Yes
Grand Total			923,898,405	100.0%		
After reviewing the investment activity for the month ended August 31, 2023, we have not identified any instances of material non-compliance with the Investment Policy.						

Portfolio Composition & Compliance – MF and TR Proportions

- Matched Funding accounts for Construction, Operations, and Debt Service comprise the majority of the MDTA portfolio.
 - Short-term investments matched to projected spending.
- Total Return reserves represent long-term core funds, with long investment horizons.

Market Value as of 8/31/2023



Strategy – Previous & Current Quarter

Purpose	% of Portfolio	Strategy for Prior Quarter			Strategy for Current Quarter		
		Benchmarks	Duration	% Target	Benchmarks	Duration	% Target
Capital / Operating / Debt Long Term Reserves ⁽¹⁾	62% 38%	Matched Funding	N/A	N/A	Matched Funding	N/A	N/A
General		50% ML 1-3 YR & 50% ML 3-5 YR	~3 Yrs	100%	50% ML 1-3 YR & 50% ML 3-5 YR	~3 Yrs	100%
M&O Reserve		U.S. Treasury Strips 1-13 YR	~7 Yrs	100%	U.S. Treasury Strips 1-13 YR	~7 Yrs	100%

(1) - Unrestricted cash in the combined General & M&O Reserve that exceeds the \$350 million target is transferred to the Capital account to fund capital expenditures.

- **Matched Funding Accounts:** Policy and Trust Agreement Directives/Limitations.
 - Capital (Pay-Go & Bond Proceeds), Operating & Debt Service Accounts – Investment maturities precede or coincide with expected spending.

Returns: Investment returns are a function of prevailing interest rates for short-term investments such as Money Market Mutual Funds, MLGIP, Agency/Supranational Discount Notes, and Commercial Paper.

- **Total Return Accounts:** Board Approved Benchmarks.
 - M&O Reserve – Staggered maturities, 0-15 years.
 - General Account – Staggered maturities, 0-5-years.

Returns: Longer duration indices benefit from higher average annual returns over multiyear periods and experience greater return volatility associated with mark-to-market relative to shorter-term duration indices.

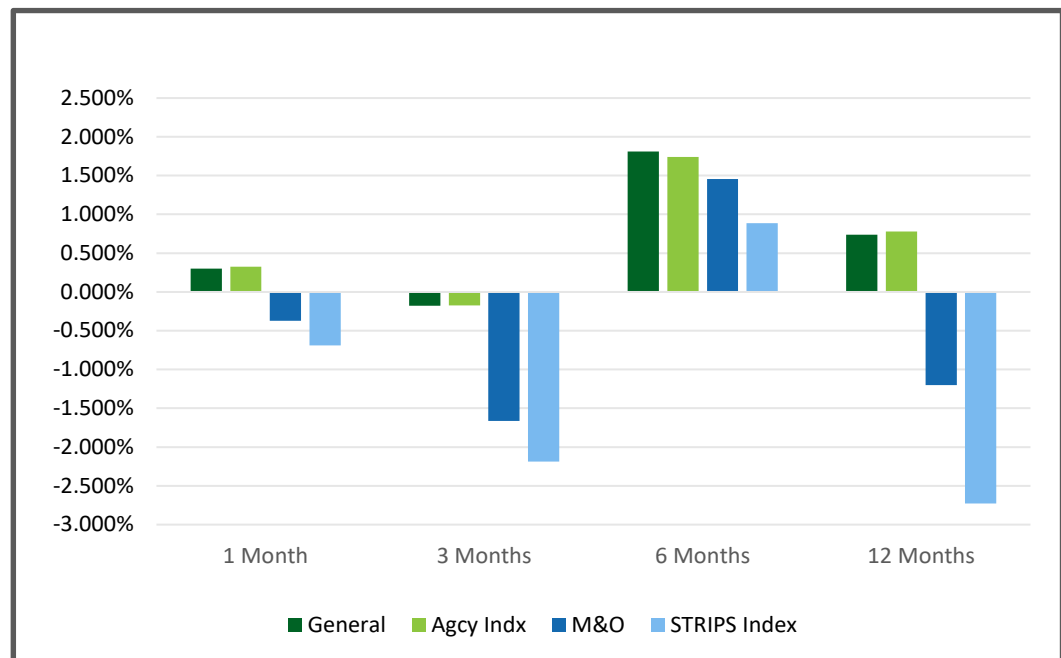
Total Return Performance – Matched Funding & Total Return

Maryland Transportation Authority

Total Return as of Period Ending 8/31/2023

	Trailing Period				Ending Market Value
	1 Month	3 Months	6 Months	12 Months	
<i>Combined Accounts Weighted Average</i>	0.33%	0.62%	2.16%	2.33%	\$ 857,446,725
MATCHED FUNDING					
Capital	0.42%	1.23%	2.39%	3.74%	\$ 477,594,396
Bond Service	0.46%	1.29%	2.60%	4.49%	\$ 25,722,846
TOTAL RETURN					
Reserves General / M&O	0.21%	-0.39%	1.77%	0.47%	\$ 354,129,482
Composite Agency / STRIPS Index	0.18%	-0.46%	1.63%	0.28%	

- Systematic rate rise impacting all bond market investors in the form of mark-to-market price declines.
- Shorter term Match Funded accounts for Capital/Construction & Bond Service are benefiting from higher interest rates at the short-end.
- Sharp rise in interest rates results in mark-to-market price declines. Volatility of interest rates continues to impact shorter-term portfolio returns.



MDTA BOARD INFORMATIONAL ITEM

Rate Covenant Coverage Projections

September 30, 2023

PURPOSE

To review the projected fiscal year 2024 Rate Covenant compliance based on the most recent available toll revenue data, other revenue estimates, and budgeted expenditures.

FORECAST ASSUMPTIONS

Projected fiscal 2024 Rate Covenant coverage is based on forecasted net operating revenue and refinements as a function of realized traffic and revenues during the fiscal year.

FY 2023 PROJECTION OF RATE COVENANT COMPLIANCE

Rate Covenant compliance is estimated at 2.5 times coverage for fiscal 2024 versus the legal mandate of 1.0 times (based on 1.20 times coverage for debt service and 100% of the M&O budgeted deposits). The M&O account began the fiscal year at the reserve level target of \$50 million, therefore no transfers have been budgeted. Fiscal 2024 debt service coverage is estimated at 3.1 times versus the 2.0 times coverage goal. Fiscal 2024 debt service of \$145.8 million is projected to rise to \$184 million at the end of the six-year CTP period in fiscal 2028.

The attached chart shows that for fiscal 2024 the MDTA can withstand a decline in revenues of \$258 million or conversely an increase in expenditures of that amount, and still meet the legal Rate Covenant requirement. The chart shows the Cushion on row C as the difference between Net Revenues on row A and the Legal Requirement on row B.

ATTACHMENT

Rate Covenant FY 2024 - Projected

Yaw Berkoh, Debt Administrator

Projected Rate Covenant FY 2024 - Based on FYTD Revenues

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 Projected	Notes:
Revenues							<i>Revenues less Hatem Bridge, plus ETL & ICC.</i>
Toll Revenues	\$ 662,598,307	\$ 563,334,804	\$ 468,604,801	\$ 786,747,125	\$ 735,542,080	\$ 741,062,537	<i>Based on YTD annualized.</i>
Concession & Fee Revenues	56,644,104	50,834,856	33,804,958	15,814,972	70,750,631	52,979,924	<i>Estimated.</i>
Operating Investment Income	3,233,849	-	-	-	-	-	<i>No longer applicable.</i>
Gross Revenues	\$ 722,476,260	\$ 614,169,660	\$ 502,409,759	\$ 802,562,097	\$ 806,292,711	\$ 794,042,461	
Expenses							<i>Expenses exclude Hatem, Port & BWI Police.</i>
Operating	\$ 221,896,850	\$ 216,481,527	\$ 258,714,219	\$ 291,465,317	\$ 319,206,937	\$ 327,368,478	
General & Administrative	57,880,091	51,948,781	58,399,778	29,943,085	32,793,063	33,631,522	
Total Expenses	\$ 279,776,941	\$ 268,430,308	\$ 317,113,997	\$ 321,408,402	\$ 352,000,000	\$ 361,000,000	
Net Revenues, Rate Covenant Coverage	\$ 442,699,319	\$ 345,739,352	\$ 185,295,763	\$ 481,153,695	\$ 454,292,711	\$ 433,042,461	
Hatem Bridge Net Revenues		10,260,896	16,686,345	16,262,337	7,760,000	7,730,000	
Investment Income		23,640,047	1,184,224	(19,157,000)	6,725,656	13,604,400	
Net Revenues, Debt Service Coverage ¹		\$ 379,640,295	\$ 203,166,332	\$ 478,259,032	\$ 468,778,367	\$ 454,376,861	
Debt Service	\$ 92,530,799	\$ 91,281,948	\$ 61,715,979	\$ 104,918,844	\$ 137,753,132	\$ 145,796,910	
120% Annual Debt Service	\$ 111,036,959	\$ 109,538,338	\$ 74,059,174	\$ 125,902,613	\$ 165,303,759	\$ 174,956,292	
Budgeted Deposit Amount ²	-	-	-	-	-	-	
Legal Requirement	\$ 111,036,959	\$ 109,538,338	\$ 74,059,174	\$ 125,902,613	\$ 165,303,759	\$ 174,956,292	
Cushion	\$ 331,662,360	\$ 236,201,014	\$ 111,236,589	\$ 355,251,082	\$ 288,988,952	\$ 258,086,169	
Rate Covenant	4.0	3.2	2.5	3.8	2.7	2.5	
Debt Service Coverage	4.8	4.2	3.3	4.6	3.4	3.1	

(1) Net Revenues used for Debt Service Coverage includes Hatem Bridge Net Revenues and Investment Income that are not included in the Rate Covenant calculation.

(2) Annual M&O Budget is based on the M&O portion of the CTP, with the minimum reserve funding level to be maintained at approximately \$50 million.

**MARYLAND TRANSPORTATION AUTHORITY
FINANCIAL REPORT**

August 2023

Operating Budget Status		
Approved FY 2024 Budget	\$	400,100,000
Adjustments	\$	-
Adjusted Budget	\$	400,100,000
Budget Spending Guideline - August		14.8%
FY 24 Expenditures as of 8/31/23	\$	32,312,447
Percent of Budget Spent		8.1%
Approved FY 2023 Budget	\$	387,152,963
FY 23 Final Expenditures	\$	370,057,302
Percent of Budget Spent		95.6%

Toll Revenue Comparison	Preliminary*
Historical Revenue Comparison (Legacy Facilities):	
Two Months Ending August 2023	\$ 111,696,112
Two Months Ending August 2022	\$ 110,380,546
% Revenue Change	1.19%
Projected Revenue Comparison (Legacy):	
Two Months Ending August 2023	\$ 111,696,112
Forecast through August 2024	\$ 111,696,112
% Revenue Change	0.00%
Revenue - ICC	
Two Months Ending August 2023	\$ 11,215,561
Forecast through August 2024	\$ 11,215,561
% Revenue Change	0.00%
Revenue - ETL	
Two Months Ending August 2023	\$ 2,473,418
Forecast through August 2024	\$ 2,473,418
% Revenue Change	0.00%
* Data is preliminary	

Coverage Ratios		
Debt Service Coverage (2.0 minimum):		
Estimate FYE 6/30/2024		3.1
Actual FYE 6/30/2023		4.0
Rate Covenant Compliance (1.0 minimum):		
Estimate FYE 6/30/2024		2.5
Actual FYE 6/30/2023		3.1

Investment Balances	
8/31/2023	
Transportation Authority	
Unrestricted	
Checking Account Cash	\$ 69,530,814
General	\$ 302,051,665
M&O	\$ 49,959,294
Capital (Cash Funded)	\$ 476,544,781
Total Unrestricted	\$ 898,086,554
Restricted	
Capital/Construction	\$ 96,089
Debt Service & Debt Service Reserves	\$ 25,715,754
Total Restricted	\$ 25,811,843
Total Restricted and Unrestricted	\$ 923,898,397

Non-Recourse	
Capital, Revenue, Debt Service, DSRs	\$ 162,987,132

Outstanding Debt	
8/31/2023	
Toll Revenue Backed Debt	
Municipal Bonds	\$ 2,206,280,000
Statutory Debt Limit FYE 2023	\$ 3,000,000,000
Unused Debt Capacity	\$ 793,720,000
Net - Amort. & Planned Issuance	\$ 144,500,000
Projected Excess Debt Capacity FYE 2023	\$ 649,220,000
Non-Recourse Issues	
BWI Rental Car Facility Series 2002	\$ 64,755,000
BWI PFC Series 2012 A	\$ 28,220,000
BWI PFC Series 2012 B	\$ 29,950,000
BWI Variable Rate PFC Series 2012 C	\$ 43,400,000
BWI PFC Series 2014	\$ 26,290,000
BWI PFC Series 2019	\$ 97,295,000
Calvert Street Parking Refunding Series 2015	\$ 12,352,000

BWI Variable Rate PFC - Interest	
Series C (\$43,400,000) Reset Rate:	
Week 1 - 12/13/12	0.15%
Recent - 8/31/23	4.20%
SIFMA Swap Index	
At Issue 2012 - 12/13/12	0.13%
Recent - 8/30/23	4.06%