

FINANCE COMMITTEE MONTHLY MEETING
THURSDAY, NOVEMBER 10, 2022
OPEN MEETING VIA LIVESTREAMING

OPEN SESSION

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

STAFF ATTENDING: Jeffrey Brown
Jeffrey Davis
Donna DiCerbo
Cheryl Dickinson
Tina Dorn
Allen Garman
Chantelle Green
Natalie Henson
Jeanne Marriott
Selena McKissick
Kimberly Millender, Esq.
Ken Montgomery
Mary O’Keeffe
Will Pines
Deb Sharpless
Timothy Sheets
Debra Stewart
Christina Thompson
Clayton Viehweg

OTHERS ATTENDING: David Calvert – PFM
Sean Walter – CLA
Adam Aceto – CDM Smith
Kelly Morison – CDM Smith

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

APPROVAL – OPEN MEETING MINUTES FROM OCTOBER 11, 2022 MEETING

Member von Paris called for the approval of the meeting minutes from the Open Meeting held on October 11, 2022. Member Dontae Carroll made the motion, and Member Jeffrey Rosen seconded the motion, which was unanimously approved.

UPDATE – INDEPENDENT AUDITOR’S REPORT FOR THE FY 2022 FINANCIAL STATEMENTS AUDIT

Ms. Deborah Sharpless introduced Mr. Sean Walker, Principal in Charge of the Maryland Transportation Authority’s (MDTA) audit, from CliftonLarsonAllen, LLP (CLA). Mr. Walker noted that the FY 2022 Financial Statements Audit was primarily focused on the MDTA’s investments, capital/leased assets, revenue recognition, accounting for long-term debt, intergovernmental agency relationships, and financial reporting. CLA issued an unmodified opinion on the financial statements and reported that no material weaknesses or significant deficiencies in the MDTA’s internal controls were identified.

APPROVAL – CONTRACT NO. J01B3600006 – OPEN TEXT ADDITIONAL LICENSES

Ms. Debra Stewart requested a recommendation of approval from the Finance Committee to the full MDTA Board for Contract No. J01B3600006, Open Text Additional Licenses.

This Small Business Reserve (SBR) contract is for the provision of additional OpenText user licenses and three years of OpenText Maintenance and Support for the MDTA Division of Information Technology. The OpenText platform is used to maintain, store, and allow quick access to various documents and allows fluid workflow management. The additional licenses and continued software maintenance and support will allow the MDTA to maintain its current systems, continued use of the OpenText software, as well as access to technical support as needed.

Five SBR Master Contractors were authorized to supply OpenText Licenses & Maintenance and Support. Three authorized contractors responded to the request for bids. The lowest financial proposal was provided by Digital Information Services with a cost of \$305,858.95.

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.

APPROVAL – CONTRACT NO. MT-00210742 (MT-3154-0000) – FIRE ALARM AND SUPPRESSION PREVENTIVE MAINTENANCE AND REPAIR AND FIRE ALARM MONITORING

Ms. Tina Dorn requested a recommendation of approval from the Finance Committee to the full MDTA Board for Contract No. MT-00210742, Fire Alarm and Suppression Preventive Maintenance and Repair and Fire Alarm Monitoring.

This contract is for the provision of Fire Alarm and Suppression Preventive Maintenance and Repair and Fire Alarm Monitoring service. The requested preventive maintenance, repair and fire alarm monitoring services require the contractor to furnish all labor, materials, supplies, equipment, tools, supervision, transportation, insurance, permits, and confined space program

necessary to provide service calls. The contract also includes repair and routine preventive maintenance and testing, inspections, emergency service, and monitoring of the MDTA's fire alarm/suppression systems. Four bids were opened on this project. The apparent low bidder is Advanced Fire Protection Systems, LLC, with a cost of \$1,340,010.00.

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

UPDATE – ANNUAL TRAFFIC AND REVENUE FORECAST

Ms. Chantelle Green and Ms. Kelly Morison from CDM Smith provided an update to the Finance Committee on the Traffic and Revenue (T&R) Forecast for the legacy facilities, Intercounty Connector (ICC), and the I-95 Express Toll Lanes (ETL). On a systemwide basis, through fiscal year (FY) 2028, forecasted revenues are expected to decline by \$49.9 million, or 0.9 percent, compared to the previous forecast. The reduction is primarily due to the tapering of collected backlogged transactions, lingering effects of COVID-19, and the near-term impact of the Customer Assistance Plan.

APPROVAL – FY 2024 PRELIMINARY OPERATING BUDGET

Mr. Jeffrey Brown requested a recommendation for approval from the Finance Committee to the full MDTA Board of the FY 2024 Preliminary Operating Budget. Mr. Brown explained that the proposed FY 2024 operating budget of \$391.4 million represents a \$4.2 million, or a 1.1 percent, increase, versus the FY 2023 Final Budget. When comparing the FY 2024 Preliminary Operating Budget to the MDTA Board-approved June 2022 financial forecast, the FY 2024 budget is \$4.5 million, or 1.2 percent, more than projected. The key driver for the increase in projected spending is the mandatory 4.5 percent cost of living adjustment (COLA) for all State employees effective November 1, 2022.

The FY 2023 operating budget reflects a \$13.8 million increase in mandatory spending, a \$8.9 million increase in discretionary spending, and a \$18.5 million reduction in discretionary spending. Mandated changes increased the budget by \$13.8 million mostly due to: (1) a 4.5 percent COLA for all State employees effective November 1 plus a 5 percent COLA for the police in FY 2024; (2) employee, LEOPS, and MSP retirement costs; (3) step and grade changes; and (4) social security increasing due to increased salaries.

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

APPROVAL – FINAL FY 2023-2028 CONSOLIDATED TRANSPORTATION PROGRAM

Ms. Jeanne Marriott requested a recommendation for approval from the Finance Committee to the full MDTA Board of the Final FY 2023-2028 Consolidated Transportation Program (CTP). The proposed FY 2023-2028 CTP is \$2.7 billion and reflects a net increase of \$52.6 million over the six-year period. FY 2022 expenditures were \$496.2 million compared to the \$548.6 million in the Draft FY 2023-2028 CTP. This amount has been rolled over into the Final FY 2023-2028 CTP. The increase is the net result of a (1) \$15.8 million increase for the Nice/Middleton Bridge; (2) \$9.2 million increase for the I-95 Express Toll Lanes (ETL) Northbound Extension; (3) \$80.3 million decline in the allocated and unallocated reserves; and (4) \$107.9 million increase in funding for all projects (excluding the Nice/Middleton Bridge and I-95 ETL).

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

APPROVAL – FY 2023-2028 FINANCIAL FORECAST

Ms. Chantelle Green requested a recommendation for approval from the Finance Committee to the full MDTA Board of the MDTA's FY 2023-2028 Financial Forecast. Ms. Green noted that the forecast has been updated to include the most recent T&R forecast, the FY 2024 Preliminary Operating Budget, and the Final FY 2023-2028 CTP. Throughout the six-year period, the MDTA will continue to meet all required financial goals and legal standards.

Member von Paris called for the approval of the FY 2023-2028 Financial Forecast. Member Rosen made the motion, and Member Carroll seconded the motion, which was unanimously approved.

UPDATE – BI-ANNUAL REVIEW OF REVENUE SUFFICIENCY

Ms. Chantelle Green provided the Finance Committee with an update on the Bi-Annual Review of Revenue Sufficiency for the FY 2023-2028 financial forecast period. Ms. Green noted that the MDTA's Board Policy requires a bi-annual review of revenue sufficiency to determine if current rates and fee levels are appropriate based on levels of expected spending. The FY 2023-2028 financial forecast shows that current toll rates, fees, and discounts provide sufficient revenue over the near-term to meet forecasted spending and exceed all legal and policy requirements.

UPDATE – CUSTOMER ASSISTANCE PLAN CIVIL PENALTY WAIVER GRACE PERIOD

Mr. Will Pines and Ms. Deb Sharpless provided the Finance Committee with an update on the Customer Assistance Plan Civil Penalty Waiver Grace Period. As of October 31, 2022, \$108 million in civil penalties have been waived for approximately 691,000 drivers and businesses that have paid their outstanding Video Tolls. Despite a nine-month opportunity to spread out Video Toll payments without penalty and multi-level public awareness initiatives, approximately 1.9 million drivers to date have chosen not to pay their debt. Standard operations for civil penalties, collections, and enforcement will resume starting on December 1, 2022, which maintains fairness with customers who abided by the law and paid their tolls.

APPROVAL – INVESTMENT COMMITTEE REPORT

Mr. Allen Garman, Mr. Clayton Viehweg, and Mr. David Calvert (PFM) provided an update to the Finance Committee on the activities of the Investment Committee for the period ended September 30, 2022. 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 Penny-Ardinger 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 2023. As of September 30, 2022, 11 percent of the operating budget was spent compared to the target of 23 percent. All objects were below the targeted spending level. The primary driver for the reduced spending was personnel vacancies, seasonality of expenses, and 1st quarter accruals.

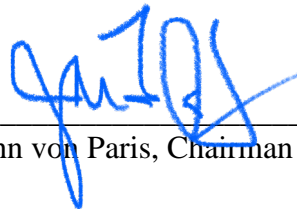
UPDATE – 1ST QUARTER CAPITAL BUDGET VERSUS ACTUAL SPENDING

Ms. Jeanne Marriott updated the Finance Committee on actual year-to-date spending for the first quarter compared to projected spending as shown in the FY 2023-2028 Draft CTP. As of September 30, 2022, 11.9 percent of the FY 2023 capital budget was spent as compared to the target of 25 percent. Ms. Marriott indicated that capital spending for the first quarter is low because of outstanding accruals for work completed in FY 2022.

UPDATE – 1ST QUARTER FY 2023 TRAFFIC AND REVENUE PERFORMANCE REPORT

Ms. Deb Sharpless 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) when adjusting for timing differences, systemwide revenue exceeded the forecast by \$4.3 million, or 2.3 percent.

There being no further business, the meeting of the Finance Committee adjourned at 10:52 a.m., following a motion by Member Penny-Ardinger and seconded by Member Carroll.



John von Paris, Chairman