

August 23, 2021

The meeting of the Board of Finance was called to order at 3:03 p.m. via Webex.

Present: Honorable Brandon M. Scott, Mayor and President
Bill Henry, Comptroller and Member
Frederick Meier, Member
Arnold Williams, Member
Jennell Rogers, Chief, Bureau of Treasury Management and Clerk to the Board of Finance

Also Present: Henry Raymond, Director of Finance
Benedict Richardson, Treasury Management
Evelyn Alston, Treasury Management
Joann Levin, Law Department
Daniel Ramos, Mayor's Office
KC Kelleher
Doug Kinsky

MINUTES

Mayor Scott requested the Board to review the minutes from the meeting of May 24, 2021. The minutes were approved on the motion of Comptroller Henry, seconded by Mr. Williams.

SECURITY TRANSACTIONS

Ms. Rogers briefed the Board on the investment activity for this period noting that total securities purchased since the last Board of Finance meeting were \$1,650,000,000 and redemptions totaled \$1,014,000,000.

Security transactions since the meeting May 24, 2021 were approved on the motion of Mr. Meier, seconded by Mr. Williams. (Appendix I)

MARK TO MARKET VALUATION OF SWAP PORTFOLIO

Ms. Rogers presented the Mark to Market Valuation Report as of July 31, 2021 with a notional amount of \$141,555,000. The fair market value of the swap portfolio decreased slightly from (\$22,325,606) to (\$22,290,781). The ten-year Treasury rate decreased from 0.72% to 0.69%. As of the date of this report all collateral was returned to the City.

The Board accepted the report. (Appendix II)

APPROVAL OF UNDERWRITERS FOR HARBOR POINT TIF

Ms. Rogers requested the Board to consider and approve the appointments for the Mayor and City Council of Baltimore Special Obligation Tax Increment Financing Bonds for the Harbor Point, Series 2021 as underwriters:

- Stifel, Nicolaus & Company, Bethesda, MD as co-managing underwriter

- Piper Sandler, Washington, DC, as co-managing underwriter

The final series of tax-exempt bonds are proposed to be issued in late December 2021 or early 2022 for the Harbor Point Development District. The City Council has previously authorized the issuance of one or more series of special obligation bonds in the maximum aggregate principal amount of \$125,000,000. Three series of publicly held bonds have been issued by the City for the Project in the amount of \$85,715,000. The final series of bonds is proposed to utilize the remaining authorized maximum aggregate principal amount. The proposed bonds are expected to fund improvements including but not limited to Point Park, green space, sidewalks, bulkhead, promenade space, streetscape, roadway and related soft costs. The proposed bonds will be issued in an amount up to \$39,285,000. Additional information will be provided to the Board of Finance regarding this series of bonds once the offering document for the bonds is prepared.

In conjunction with the plan to issue the final series of TIF bonds, requests for proposals (RFPs) were sent to five underwriting firms, including two women or minority owned firms. The firms that received the RFPs were Citigroup, Stifel Nicolaus, Piper Sandler, Stern Brothers and Estrada Hinojosa.

Proposals were received from four of these firms, with Estrada Hinojosa electing not to submit a response. Ms. Rogers shared a summary of key responses from the underwriters as follows:

- The firm with the most experience is Stifel, followed by Piper.
- The firm with the lowest quoted fee was Piper at \$6.50 per bond (this fee does not include expenses), followed by Stifel at \$6.969 per bond.
- The lowest interest rates on the bonds were proposed by Piper and Stern at around 150 basis points over MMD. It should be noted that the market will dictate pricing at the time the bonds are marketed.
- Stern is a woman-owned firm.
- The lead banker for Stifel is a minority woman, who would receive credit for the bonds in Stifel's compensation structure.

Taking these factors into consideration, the Bureau of Treasury Management recommends appointing Stifel and Piper as co-lead underwriters. Overall, Stifel and Piper would make a very strong team, and we are confident they will help us structure the bonds in a manner most advantageous to the City, provide appropriate disclosure to bond buyers, and help the City obtain the best possible interest rates for the bonds.

Mr. Williams inquired about fee quotes. Although the fees of the two co-managers are different, will the lowest fee carry with the recommendation? Ms. Rogers responded that the co-managers will accept the lowest quoted fees. Comptroller Henry asked how financial decisions are made. Do the co-managers come to a consensus on each matter or do they alternate decision-making authority? Ms. Rogers responded that there is an initial discussion regarding the structure of the bonds which allows the co-managers to come to a negotiated consensus. Mr. Meier asked if Piper Sandler is the same as Piper Jaffray. Ms. Rogers responded that both entities are the same. Mr. Meier noted that in the proposal the current Value-to-Lien is less than the Additional Bond Test (ABT) minimum requirement. He asked if the Value-to-Lien will qualify. Ms. Rogers responded that values presented in the proposal will be analyzed and verified by Municap. The City will not issue the bonds if the minimum requirements are not met.

The request to approve the appointments of Stifel and Piper Sandler as co-managing underwriters for the Special Obligation Tax Increment Financing Bonds for the Harbor Point, Series 2021 was approved on the motion of Mr. Williams, seconded by Mr. Meier.

OTHER BUSINESS

There was no other business. The meeting was adjourned at 3:18 pm.

Jennell Rogers
Clerk to the Board of Finance