

May 20, 2024

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

Present: Simone Johnson, Deputy Mayor (*in lieu of Mayor*)
Erika McClammy, Deputy Comptroller (*in lieu of Comptroller*)
Arnold Williams, Vice President and Member
Frederick Meier, Member
Robert Shelton, Member
Jennell Rogers, Chief, Bureau of Treasury Management and Clerk to the Board of Finance

Absent: Honorable Brandon M. Scott, Mayor and President
Bill Henry, Comptroller and Member

Also Present: Michael Moiseyev, Director, Department of Finance
Micheal Sullivan, Treasury Management (*via Webex*)
Evelyn Alston, Treasury Management
Alice Kennedy, Commissioner, DHCD
Tammy Hawley, DHCD
Cleopatra Ibukun, DHCD
Stacy Freed, DHCD
Joann Levin, Law Dept.
Keenan Rice, Muncipal (*via Webex*)
Max Levee, Muncipal (*via Webex*)
Alan Cason, McGuire Woods (*via Webex*)
Randy Willison, MOCC (*via Webex*)
Doug Krinsky (*via Webex*)
Lex Davis (*via Webex*)
Timothy Goldsby (*via Webex*)

MINUTES

Mr. Willams requested the Board to review the minutes from the meeting of March 25, 2024. The minutes were approved on the motion of Mr. Shelton, seconded by Mr. Meier.

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 \$150,000,000 and redemptions totaled \$448,500,000.00. Ms. Rogers noted that four securities were called.

Security transactions since the meeting on March 25, 2024 were approved on the motion of Mr. Meier, seconded by Mr. Shelton. (Appendix I)

MARK TO MARKET VALUATION OF SWAP PORTFOLIO

Ms. Rogers presented the Mark to Market Valuation Report as of April 30, 2024 with a notional amount of \$126,755,000. She advised Board members that Treasury has three swaps in their portfolio: one is for water and the other two are for parking. The fair market value of the swap portfolio decreased slightly from (\$9,204,335) to (\$6,967,789). The ten-year Treasury rate increased from 4.25% to 4.69%. As of the date of this report, there was no collateral posted.

Mr. Meier asked if Treasury has a strategy for cashing out swaps when the swap value obligation drops below a certain amount. Ms. Rogers replied that Treasury will evaluate the market conditions for refunding opportunities and use the potential savings to unwind the water swap. The parking bonds are handled differently in that the City does not issue bonds on a regular basis. If there is available resources in the parking budget, we may consider using it to terminate the swap.

The Board accepted the report. (Appendix II)

APPROVAL OF THE VACANCY REDUCTION AFFORDABLE HOUSING TIF

Ms. Rogers requested the Board to consider and conceptually approve the Vacancy Reduction Affordable Housing Tax Increment Financing project.

Mayor Scott has announced a \$3 billion comprehensive, public-private revitalization strategy to eliminate vacant and blighted properties in the city, which includes a City pledge of \$300 million over fifteen years. The Department of Housing and Community Development (DHCD) is proposing to request the use of tax increment financing (TIF) as a part of the City's contribution to this plan.

The proposed TIF district will be non-contiguous and span Impact Investment and Focus Areas across the City, capturing several thousand vacant and abandoned properties. The City Charter allows for TIF to be used for the construction or rehabilitation of buildings provided that such buildings will provide affordable housing up to 115% of the area median income. The proceeds from the sale of TIF bonds are proposed to be used to fill the appraisal gap in conjunction with state and other sources of funds. The initial tranche of bonds will be supported by tax increment revenues resulting from recent public and private investment in the rehabilitation of vacant properties. A special tax will not be levied as affordable homeowners cannot afford to pay a special tax. As a result, the bonds are proposed to be issued in arrears following the completion of rehabilitation or construction. Multiple tranches of bonds are anticipated every several years for the next ten to fifteen years. The use of TIF will provide a source of funds for the appraisal gap, leading to development that will bring vacant and abandoned properties back on the tax rolls, reduce upkeep costs for the city, reduce crime, and provide workforce and affordable housing.

DHCD is building out this program and working with the Department of Finance to prepare a formal application to request tax increment financing. DHCD anticipates bringing a formal TIF request to the Board of Finance later this summer.

Commissioner Alice Kennedy, DHCD, presented a PowerPoint presentation to brief Board members on the framework of this project. There was a vibrant and lengthy dialogue between Board members and Comm. Kennedy pertaining to: acquiring privately-owned vacant properties, assessing the appraisal gap, repayment of TIF bonds, considering other funding sources, staffing within DHCD to support this project, and selection of contractors. Keenan Rice, Municap, is one of the City's financial advisors and he participated in the discussion via Webex.

The Vacancy Reduction Affordable Housing Tax Increment Financing project was conceptually approved on the motion of Mr. Shelton, seconded by Mr. Meier.

OTHER BUSINESS

There was no other business. The meeting was adjourned at 4:08 pm.

Jennell Rogers
Clerk to the Board of Finance