

November 27, 2023

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

Present: Robert Cenname, Deputy Director of Finance (*in lieu of Mayor*)
Bill Henry, Comptroller and Member
Frederick Meier, Member
Arnold Williams, Member
Robert Shelton, Member
Jennell Rogers, Chief, Bureau of Treasury Management and Clerk to the Board of Finance

Absent: Honorable Brandon C. Scott, Mayor and President

Also Present: Evelyn Alston, Treasury Management
Kristen Ahearn, Planning
Keenan Rice, Municipal
Douglas Krinsky, J. P. Morgan
Kim Trueheart, Community Leader
Micheal Sullivan, Treasury Management (*via Webex*)
Joann Levin, Law Dept. (*via Webex*)
John Lloyd, Planning (*via Webex*)
Tim Evers, MOCC (*via Webex*)
Randy Willison, MOCC (*via Webex*)
Fred Vosburgh (*via Webex*)

MINUTES

Mr. Cenname requested the Board to review the minutes from the meeting of October 23, 2023. The minutes were approved on the motion of Mr. Williams, seconded by Mr. Meier.

ELECTION OF VICE PRESIDENT

Comptroller Henry nominated Mr. Arnold Williams as Vice President for the Board of Finance, seconded by Mr. Meier. Board members elected Mr. Arnold Williams as Vice President for the Board of Finance.

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 \$25,000,000 and redemptions totaled \$167,180,000. Ms. Rogers noted that there was only one purchase due to an outflow of funds to pay a large legal settlement and the General Obligation bonds debt service. The inflow of funds has decreased for the last two months, but Treasury anticipates receiving the semi-annual property taxes revenue towards year end. At that point, purchases will increase.

Security transactions since the meeting October 23, 2023, were approved on the motion of Comptroller Henry, seconded by Mr. Meier. (Appendix I)

MARK TO MARKET VALUATION OF SWAP PORTFOLIO

Ms. Rogers presented the Mark to Market Valuation Report as of October 31, 2023, with a notional amount of \$123,155,000. The fair market value of the swap portfolio decreased from (\$9,191,648) to (\$8,892,568). The ten-year Treasury rate increased from 4.59% to 4.88%. As of the date of this report, there was no collateral posted.

The Board accepted the report. (Appendix II)

2024 LOAN AUTHORIZATION PROGRAM

Ms. Rogers requested the Board to endorse the enclosed 2024 Loan Authorization Program totaling \$250 million in general obligation bonds.

The City Charter requires that the Board of Finance provide recommendations to the Board of Estimates on the Mayor and City Council of Baltimore Loan Authorization Program. The Department of Planning administers this program and has recommended an authorization of \$125 million of general obligation bonds in FY2026 and \$125 million in FY2027 for a total of \$250 million. Once the proper approvals have been obtained, this program shall be placed on the November 2024 general election ballot for voter approval and be incorporated into the City's capital budget.

These authorizations shall be general obligations of the City for the payment of which the City's full faith and credit and taxing power are irrevocably pledged. Under the current debt policy, the annual budgeted amount of general obligation bonds authorized is \$80 million. This amount is incorporated in the current FY2024-2029 Capital Improvement Program (CIP). However, the CIP for FY2025-2030 will reflect the recommendations of the 10-Year Financial Plan, including up to \$125 million in general obligation bonds. The Bureau of Treasury Management has engaged Public Resources Advisory Group (PRAG) to review the City's debt policy including studying the impact of increasing the borrowing capacity above the current authorization. We expect the report to be completed in December 2023. The Department of Finance will adjust the maximum authorization based on results of the debt study. This request builds in the flexibility to allow for the increase in FY2026 and FY2027.

The funding categories are as follows:

• Public Infrastructure	\$125 million
• Community and Economic Development	\$ 50 million
• Schools	\$ 55 million
• Affordable Housing	\$ 20 million
Total (CIP – FY26 and FY27)	\$250 million

The enclosed Department of Planning package includes the Planning Commission Staff Report.

Mr. Meier asked why the Board is being asked to approve the loan authorization prior to the completion of the Debt Study. Ms. Ahearn, Planning, responded that the loan authorization must still go before the Board of Estimates before being presented to the General Assembly in January. Ms. Rogers advised Board members that Treasury has a meeting with PRAG scheduled for the first week of December. After much discussion among the Board members, it was suggested by Comptroller Henry that this item be tabled until December so that Board members can benefit from the findings of PRAG's completed Debt Study. Treasury will brief Board members prior to the next meeting. The 2024 Loan Authorization Program totaling \$250 million in general obligation bonds was deferred until the meeting of December 18, 2023.

TAX INCREMENT FINANCING (TIF) ANNUAL REPORT

On April 24, 2023, the Board approved a resolution requiring the Department of Finance to submit a dated status report memorandum to the Board of Finance in November of each year, starting in 2023. The reporting period covered would be for the previous fiscal year, ending on June 30th of the year of the report. The memorandum will support the City's ongoing goals of transparency, communication, and public interest-based project investment in the City. The first report is attached to comply with the newly mandated requirements. The report covers the following districts:

1. Belvedere Square
2. Harborview Lot #2
3. Strathdale Manor
4. Clipper Mill
5. North Locust Point
6. Mondawmin Mall
7. East Baltimore Research Park
8. Harbor Point
9. Poppleton
10. Port Covington

Ms. Rogers advised Board members that Municap is still compiling the information for item 3 in the resolution which requires that the report provides a comprehensive overview assessing how ongoing TIF projects are creating positive revenues to the City, taking into consideration the costs of public services to be provided to the new development, and the tax increment that will be required to repay the bonds. Mr. Shelton asked how often the amount to be collected is reassessed and if any payments are in default. Ms. Rogers replied that the amount is reassessed annually and added that there are no payments in default, but several projects have pay special taxes. Mr. Williams added that, since this report is given to promote transparency, the report could be enhanced by adding a single page grid which depicts all the information in a format that is easier for lay people to read and comprehend. Ms. Rogers agreed and stated that an executive summary will be added to the report. Further discussion included whether the names of property owners should be included in the report. Keenan Rice, Municap, briefly addressed Board members to add further clarify to the report.

The Board accepted the report.

OTHER BUSINESS

There was no other business. The meeting was adjourned at 3:50 pm.

Jennell Rogers
Clerk to the Board of Finance