

December 17, 2018

The meeting of the Board of Finance was called to order at 3:00 p.m.

Present: Honorable Catherine E. Pugh, Mayor and President
Joan M. Pratt, Comptroller and Member (*via teleconference*)
Larry Silverstein, Vice President
Dana Moulden, Member
Stephen Kraus, Deputy Director of Finance and Clerk to the Board of Finance

Absent: Frederick Meier, Member

Also Present: Jennell Rogers, Chief, Bureau of Treasury Management
Sherrell Haynie, Treasury Management
Sandra Bennett, Treasury Management
Evelyn Alston, Treasury Management
Joann Levin, Law Department

MINUTES

Mayor Pugh requested the Board to review the minutes from the meeting of November 26, 2018. The minutes were approved on the motion of Ms. Moulden, seconded by Mr. Silverstein.

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 \$181.5 million and redemptions totaled \$153 million.

Security transactions since the meeting of November 26, 2018 were approved on the motion of Ms. Moulden, seconded by Mr. Silverstein. (Appendix I)

MARK TO MARKET VALUATION OF SWAP PORTFOLIO

Ms. Rogers presented the Mark to Market Valuation Report as of November 30, 2018 with a notional amount of \$174,675,000. The fair market value of the swap portfolio increased from (\$27,612,195) to (\$28,392,164). The ten year Treasury rate decreased from 3.15% to 3.01%. As of the date of this report there is no collateral posting.

The Board accepted the report. (Appendix II)

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF A WASTEWATER WATER QUALITY REVOLVING LOAN

Ms. Rogers requested the Board to approve the enclosed resolution that includes the following:

1. Authorize the issuance and delivery of no more than \$795,000 of Project Revenue Bonds (Wastewater Projects) Series 2019A, at a rate not to exceed 1.50%.

2. Authorize the issuance and delivery of no more than \$12,400,000 of Project Revenue Bonds (Wastewater Projects) Series 2019B, at a rate not to exceed 1.50%.
3. Approve the Wastewater Projects 31st Supplemental Bond Resolution between the Mayor and City Council of Baltimore and M&T Bank as trustee substantially in the form enclosed.
4. Issue the Bonds through a private placement to the Maryland Water Quality Financing Administration.
5. Appoint M&T Bank as Trustee, Registrar, and Paying Agent for the Bonds.

Ms. Rogers explained the 2019 Series bonds will be funded through the State of Maryland Water Quality Revolving Loan Fund. The City routinely takes full advantage of the State Revolving Fund. The rates of interest offered are well below market and are currently set at 25% of the Bond Buyer 11 GO Index or approximately 0.90%. Ms. Rogers spoke about the projects which will receive the funding, particularly, Herring Run, Chinquapin Run, Southwest area of the City, Maiden Choice, and Gwynns Fall Sewershed.

The Board approved the resolution authorizing the financing of the wastewater projects through the Maryland Water Quality Financing Administration, on the motion of Ms. Moulden, seconded by Mr. Silverstein. (Appendix III)

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF A STORMWATER WATER QUALITY REVOLVING LOAN

Ms. Rogers requested the Board to approve the enclosed resolution that includes the following:

1. Authorize the issuance and delivery of no more than \$9,630,000 of Project Revenue Bonds (Stormwater Projects), Series 2019A, at a rate not to exceed 1.50%
2. Approve the Stormwater Projects 1st Supplemental Bond Resolution between the Mayor and City Council of Baltimore and M&T Bank as trustee substantially in the form enclosed.
3. Issue the Bonds through a private placement to the Maryland Water Quality Financing Administration.
4. Appoint M&T Bank as Trustee, Registrar, and Paying Agent for the Bonds.

Ms. Rogers explained the 2019 Series bonds will be funded through the State of Maryland Water Quality Revolving Loan Fund. Similar to the wastewater financings, this fund is administered through the Maryland Water Quality Financing Administration (MWQFA), a division within the Maryland Department of the Environment, for the express purpose of providing low interest water quality loans to Maryland jurisdictions. These stormwater projects will be the first financing under the Stormwater Indenture, therefore, the resolution includes the adoption of the indenture with an understanding some terms may be negotiated when the City markets the revenue bonds in the spring. The indenture has been provided in substantially final form.

The bonds shall be amortizing loans not to exceed 1.50% with an administrative fee of approximately 0.47%. Once executed, this loan shall be considered as senior lien debt issued under the 2018 Stormwater Bond resolution.

The Board approved the resolution authorizing the financing of the stormwater projects through the Maryland Water Quality Financing Administration and the adoption of the Stormwater Indenture in substantially final form, on the motion of Ms. Moulden, seconded by Comptroller Pratt. (Appendix IV)

OTHER BUSINESS

The Board received the 2019 dates for Board of Finance meetings. There was no other business; the meeting was adjourned at 3:20 p.m.

Stephen M. Kraus
Clerk to the Board of Finance