

December 20, 2021

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

Present: Christopher Shorter, City Administrator (*in lieu of Mayor*)
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

Absent: Honorable Brandon M. Scott, Mayor and President

Also Present: Henry Raymond, Director of Finance
Benedict Richardson, Treasury Management
Evelyn Alston, Treasury Management
Joann Levin, Law Department
Kimberly Min, Whiteford, Taylor, and Preston

MINUTES

Mr. Shorter requested the Board to review the minutes from the meeting of November 22, 2021. The minutes were approved on the motion of Mr. Williams, 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 \$375,000,000 and redemptions totaled \$310,000,000.

Security transactions since the meeting November 22, 2021 were approved on the motion of Mr. Williams, seconded by Comptroller Henry. (Appendix I)

MARK TO MARKET VALUATION OF SWAP PORTFOLIO

Ms. Rogers presented the Mark to Market Valuation Report as of November 30, 2021 with a notional amount of \$136,055,000. The fair market value of the swap portfolio decreased slightly from (\$20,637,203) to (\$20,477,323). The ten-year Treasury rate decreased from 1.55% to 1.43%. As of the date of this report, there was no collateral posted.

The Board accepted the report. (Appendix II)

WATER REFUNDING REVENUE BONDS, SERIES 2022

Ms. Rogers requested the Board to consider and approve the enclosed resolution authorizing the sale and issuance of the Mayor and City Council of Baltimore Water Refunding Revenue Bonds, Series 2022. The resolution includes the following items:

1. Authorize the issuance, sale, and delivery of Water Project Refunding Revenue Bonds, Series 2022A and Series 2022B in the following amounts and true interest cost:

- (a) Series 2022A (Refunding) - \$36,000,000 – 3.10%
- (b) Series 2022B (Refunding) - \$146,000,000 – 3.40%
- 2. Authorize the refunding bonds to refund all or a portion of the outstanding Series 2013C, 2014A, 2014B and 2014C revenue bonds.
- 3. Authorize and approve the execution of the Water Projects 23rd Supplemental Bond Resolution.
- 4. Authorize and approve the distribution of the Preliminary Official Statement and the final Official Statement for the Series 2022 Bonds.
- 5. Authorize the Chief of the Bureau of Treasury Management to offer these Bonds by negotiated sale.
- 6. Approve the Depository Trust Company to act as securities depository for the bonds.
- 7. Appoint Manufacturers and Traders Trust Company to act as Trustee, Registrar, Escrow and Paying Agent for the Bonds.
- 8. Authorize the Chief of the Bureau of Treasury Management to negotiate terms of and execute a Bond Purchase Agreement with regards to the Bonds.

The proceeds of the bonds will be used to fund the following: (1) the advance refunding of all or a portion of the outstanding Series 2013 and 2014 bonds; (2) the required debt service reserve fund; and (3) costs of issuance. Security for the Bonds is identified in the resolution as “Pledged Amounts” and includes operating revenues of the water enterprise system. Mr. Meier asked if these bonds are taxable. Ms. Rogers responded that, due to the new tax laws, advance refunding no longer qualifies as tax-exempt issuance and are required to be issued on a taxable basis. Mr. Meier asked if Treasury had any idea what the interest rate might have been without the new tax code. Ms. Rogers said she could not provide the estimated rate but the debt would be less expensive as a tax-exempt bond issuance. She stated that the transaction still has a very favorable interest rate, noting that the City is replacing an interest rate of between 4% and 5% with a lower interest rate of 2.5%.

The resolution authorizing the issuance of Water Refunding Revenue Bonds, Series 2022 was approved on the motion of Mr. Meier, seconded by Comptroller Henry.

WASTEWATER REFUNDING REVENUE BONDS, SERIES 2022

Ms. Rogers requested the Board to consider and approve the enclosed resolution authorizing the sale and issuance of the Mayor and City Council of Baltimore Wastewater Refunding Revenue Bonds, Series 2022. The resolution includes the following items:

- 1. Authorize the issuance, sale, and delivery of Wastewater Project Revenue Bonds, Series 2022A, Refunding Series 2022B and 2022C in the following amounts and true interest cost:
 - (a) Series 2022A (New Money) - \$92,500,000 – 3.30%
 - (b) Series 2022B (Refunding) - \$86,000,000 – 2.70%
 - (c) Series 2022C (Refunding) - \$117,000,000 – 3.30%
- 2. Authorize the refunding bonds to refund all or a portion of the outstanding Series 2013E, 2014C, 2014D and 2014E revenue bonds.
- 3. Authorize and approve the execution of the Wastewater Projects 36th Supplemental Bond Resolution.
- 4. Authorize and approve the distribution of the Preliminary Official Statement and the final Official Statement for the Series 2022 Bonds.
- 5. Authorize the Chief of the Bureau of Treasury Management to offer these Bonds by negotiated sale.
- 6. Approve the Depository Trust Company to act as securities depository for the bonds.
- 7. Appoint Manufacturers and Traders Trust Company to act as Trustee, Registrar, Escrow and Paying Agent for the Bonds.

8. Authorize the Chief of the Bureau of Treasury Management to negotiate terms of and execute a Bond Purchase Agreement with regard to the Bonds.

The proceeds of the bonds will be used to fund the following: (1) projects appropriated pursuant to the City's Wastewater Capital Improvement Program; (2) the advance refunding of all or a portion of the outstanding Series 2013 and 2014 bonds; (3) the required debt service reserve fund; and, (4) costs of issuance. Security for the Bonds is identified in the resolution as "Pledged Amounts" and includes operating revenues of the wastewater enterprise system.

Mr. Meier asked about the bond rating. Ms. Rogers stated the bonds are rated AA.

The resolution authorizing the issuance of Wastewater Refunding Revenue Bonds, Series 2022 was approved on the motion of Mr. Meier, seconded by Mr. Williams.

OTHER BUSINESS

Comptroller Henry asked how a Board member would go about proposing an increase in the City's Bond debt amount. Director Raymond advised that one would initiate a request to increase the level of annual General Obligation debt borrowing with the Department of Finance. Treasury Management would then conduct a debt study. A request for an increase would have to be recommended by the Department of Finance, Board of Finance, and the Mayor before it can be approved. The request would then go to the State legislative body.

The meeting was adjourned at 3:27 pm.

Jennell Rogers
Clerk to the Board of Finance