

May 2, 2022

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

Present: Chichi Nyagah-nash, Deputy 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: Benedict Richardson, Treasury Management
Evelyn Alston, Treasury Management
Joann Levin, Law Dept.
Sara Paraniham, Planning
Douglas Krinsky, JP Morgan

MINUTES

Ms. Nyagah-nash requested the Board to review the minutes from the meetings of February 28, 2022 and March 29, 2022. The minutes were approved on the motion of Mr. Meier, 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 \$680,000,000 and redemptions totaled \$525,000,000.

Security transactions since the meeting March 29, 2022 were approved on the motion of Mr. Williams, seconded by Mr. Meier. (Appendix I)

MARK TO MARKET VALUATION OF SWAP PORTFOLIO

Ms. Rogers presented the Mark to Market Valuation Report as of March 31, 2022 with a notional amount of \$136,055,000. The fair market value of the swap portfolio decreased slightly from (\$19,964,170) to (18,915,721). The ten-year Treasury rate increased from 2.12% to 2.40%. As of the date of this report, there was no collateral posted.

The Board accepted the report. (Appendix II)

APPROVAL OF THE FY2023-2028 CAPITAL IMPROVEMENT PLAN

Ms. Rogers requested the Board to endorse the enclosed FY 2023 Capital Budget totaling \$704,310,000 (including \$80,000,000 in General Obligation Bonds) and the six-year Capital Improvement Program ("CIP) for FY2023-2028 totaling \$3,685,125,000.

Ms. Rogers noted that, for the GO bonds, there is an established amount of \$80,000,000 over the time period of the CIP. Under the current debt policy, the debt budget for GO bonds

cannot exceed this amount. She stated that, as was the case last year, much of the capital activity is associated with the Department of Public Works water, wastewater and stormwater utilities. These programs (all funding sources combined) total approximately \$2.4 billion over the six-year program period representing 64% of the CIP. Much of this is associated with upgrades to Back River and Patapsco WWTP, Pump Station rehabilitation, water meter replacement program, permit requirements, water infrastructure rehabilitation, sewer system rehabilitation, drainage repairs/improvements, and environmental restoration.

In support of this activity, the plan includes approximately \$1.793 billion in water, wastewater, and stormwater revenue bonds. Debt associated with the water, wastewater, and stormwater activity does not directly affect the general fund and does not constitute a pledge of the City's general credit. The water, wastewater, and stormwater indentures have provisions that require minimum debt service coverage and operating reserve balances to ensure the debt is adequately supported by the respective utilities before it is issued. The FY2023-2028 CIP annual general obligation totals are consistent with the City's debt policy and are not expected to adversely impact the City's credit rating (S&P AA; Moody's Aa2).

Ms. Rogers introduced Sara Paranilam, Planning, to the Board. Ms. Paranilam reviewed the Planning process for the CIP. By City Charter, the Planning Commission shall submit a recommended six-year CIP to the Board of Estimates (BOE). The BOE requires this Board and the Department of Finance to review and comment on the CIP. The first year of the recommended CIP becomes the basis for the capital budget in the Ordinance of Estimates, to be considered by the City Council. Following the consideration of the Board of Finance, the Clerk to the Board shall submit a letter of recommendation on behalf of the Board of Finance to the Board of Estimates. Ms. Paranilam noted that the BOE policy is that capital improvement is for physical betterment and cannot be used on improvements costing less than \$50,000.

The FY2023 Capital Budget and the six-year Capital Improvement Program for FY2023-2028 were approved on the motion of Comptroller Henry, seconded by Mr. Williams.

OTHER BUSINESS

There was no other business. The meeting was adjourned at 3:17 pm.

Jennell Rogers
Clerk to the Board of Finance