

November 26, 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
Frederick Meier, Member (*via teleconference*)
Dana Moulden, Member (*via teleconference*)
Stephen Kraus, Deputy Director of Finance and Clerk to the Board of Finance

Absent: Larry Silverstein, Vice President

Also Present: Jennell Rogers, Chief, Bureau of Treasury Management
Sherrell Haynie, Treasury Management
Sandra Bennett, Treasury Management
Joann Levin, Law Department
Steward Beckham, Comptroller's Office

MINUTES

Mayor Pugh requested the Board to review the minutes from the meeting of October 22, 2018. Ms. Moulden asked for clarification on whether the allocation of \$1.071 million was specifically for the school safety grant program. Mr. Kraus confirmed it was. The minutes were approved on the motion of Comptroller Pratt, seconded by Ms. Moulden.

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 \$310 million and redemptions totaled \$282 million.

Security transactions since the meeting of October 22, 2018 were approved on the motion of Ms. Moulden, 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, 2018 with a notional amount of \$174,675,000. The fair market value of the swap portfolio decreased from (\$28,116,992) to (\$27,612,195). The ten year Treasury rate increased from 3.05% to 3.15%. As of the date of this report there is no collateral posting.

Ms. Moulden asked if it would be feasible to pursue closing the Deutsche Bank 2003C GO Bond swap. Mr. Kraus stated the swap is due to mature within the next year and the closer to the amortization date the liability amount will decrease. Mr. Kraus stated he will take a look at it.

The Board accepted the report. (Appendix II)

APPROVAL OF A RESOLUTION AUTHORIZING THE MAYOR AND CITY COUNCIL OF BALTIMORE PROJECT REVENUE BONDS, SERIES 2018D

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

1. Authorize the issuance and delivery of no more than \$202,000,000 of Project Revenue Bonds (Wastewater Projects) Series 2018D, at a rate not to exceed 4.50%.
2. Approve the Wastewater Projects 30th 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 United States Environmental Protection Agency (EPA).

The 2018 Series bonds will be funded through the United States Environmental Protection Agency (“EPA”) Revolving Loan Fund. Mr. Kraus explained this newly proposed funding through the EPA to the Board. He noted there were certain conditions of the loan agreement that were difficult to work through. The City is now in the final phase of negotiation with a soft closing scheduled for December 2018. The City is moving forward with the loan agreement and the resolution, but will not draw any money until the final closing. This agreement was an accommodation to the EPA and will enable them to show a commitment to Baltimore City for this project. Mr. Meier asked if the City borrows money for their Water and Wastewater bonds at a rate less than 4.00%. Mr. Kraus stated that rates are a little higher now. Ms. Moulden asked if this funding included the underground storage tanks. Mr. Kraus stated they are related to Water and not Wastewater bonds.

The Board approved the resolution authorizing the Mayor and City Council of Baltimore Project Revenue Bonds, Series 2018D on the motion of Comptroller Pratt, seconded by Mr. Meier. (Appendix III)

UPDATE – TAX INCREMENT FINANCING AND SPECIAL TAX DISTRICT

Mr. Kraus introduced a spreadsheet to the Board which highlighted how all the City’s TIF Districts are progressing. He discussed the various projects and gave a financial update on various TIFs. Mr. Kraus informed the Board that all the projects are paying for themselves except East Baltimore Series 2009D-1 and D-2. These are the bonds held by the Casey Foundation. He emphasized that these bonds were re-structured a few years ago and they are making some positive strides.

APPROVAL OF BOND COUNCIL FOR THE MARYLAND WATER QUALITY BONDS

Mrs. Levin stated the Law Department selected the engagement of Whiteford, Taylor & Preston, LLC to act as bond counsel for the Wastewater and Stormwater Water Quality bond issuance settling in December 2018. They submitted a proposal not to exceed \$18,500.

The Board approved Whiteford, Taylor & Preston, LLC to act as bond counsel on the Maryland Water Quality bond issuance on the motion of Comptroller Pratt, seconded by Mr. Meier. (Appendix IV)

OTHER BUSINESS

There was no other business; the meeting was adjourned at 3:20 p.m.

Stephen M. Kraus
Clerk to the Board of Finance