

February 22, 2021

The meeting of the Board of Finance was called to order at 4:05 p.m. via Webex.

Present: Honorable Brandon M. Scott, Mayor and President
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

Also Present: Benedict Richardson, Deputy Chief, Bureau of Treasury Management
Evelyn Alston, Treasury Management
Daniel Ramos, Mayor's Office
Joann Levin, Law Department
Doug Krinsky, JP Morgan

MINUTES

Mayor Scott requested the Board to review the minutes from the meeting of November 23, 2020. The minutes were approved on the motion of Mr. Meier, seconded by Comptroller Henry.

SECURITY TRANSACTIONS

Ms. Rogers briefly reviewed the City's investment policies for the benefit of new Board members. 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 \$720,000,000 and redemptions totaled \$770,600,000. Mr. Meier asked how the team is doing on basis points. Ms. Rogers responded the City is purchasing investments to meet our short term needs or 60 days of projected expenditures. The yields on these investments are very low.

Security transactions since the meeting November 23, 2020 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 January 31, 2021 with a notional amount of \$143,755,000. The fair market value of the swap portfolio decreased slightly from (\$26,899,167) to (\$24,497,669). The ten-year Treasury rate increased from 0.88% to 1.11%. As of the date of this report no collateral was posted.

The Board accepted the report. (Appendix II)

APPROVAL OF THE UNDERWRITERS FOR THE PERKINS SOMERSET OLDTOWN SPECIAL OBLIGATION BONDS, SERIES 2021

Ms. Rogers requested the Board to consider and approve the appointments for the Mayor and City Council of Baltimore Special Obligation Tax Increment Financing Bonds for the Perkins Somerset Oldtown, Series 2021 as underwriters:

- Piper Sandler, Washington, DC, as senior managing underwriter

- Stern Brothers, New York, NY, as co-managing underwriter

The first series of tax increment bonds are proposed to be issued in 2021 for the Perkins Somerset Oldtown Development District. The development district and the issuance of up to \$105 million in tax increment financing bonds were previously approved by the Baltimore City Council. The first series of bonds are expected to be approximately \$18 million and to include improvements for the Perkins and Somerset neighborhoods and architecture and engineering efforts for Oldtown and City Springs school. Additional information will be provided to the Board regarding this series of bonds once the offering document for the bonds is prepared.

In conjunction with the plan to issue the first series of TIF bonds this year, requests for proposals (RFPs) were sent to six underwriting firms, including three women or minority owned firms. The firms that received the RFPs were Citigroup, Stifel Nicolaus, Piper Sandler, Stern, Estrada Hinojosa, and Loop Capital. Proposals were received from five of these firms, with Loop Capital not submitting a proposal. A summary of key responses from the underwriters follows:

- The firm with the most experience is Stifel, followed by Piper.
- The firm with the lowest quoted fee was Estrada at \$4.69 per bond (this fee does not include expenses), followed by Piper at \$7.30 per bond.
- Estrada is a minority owned firm, while Stern is a woman owned firm.

Considering all of these factors, our recommendation and the recommendation of Municap, the City's financial advisor for TIF's, is to select Piper as the lead underwriter and Stern as the co-underwriter.

Piper's fees were slightly lower than Stifel's, Piper proposed a lower interest rate on the bonds, and Piper offered to share a higher percentage of the fee with the co-underwriter. Piper also did a very good job on the Harbor Point bonds, particularly in making sure the offering document for the bonds told the positive story of the project and the structure for the bonds (which is a product of the City's TIF policy). This allowed for a very favorable pricing on these bonds. For all of these reasons, Piper is recommended to be the lead underwriter for the first series of bonds for Perkins.

We are proposing to select Stern as the co-managing underwriter, both to add their excellent qualifications to the team and to include a minority or woman owned firm on the team. (Stern is a woman owned firm and the lead banker on the assignment would be both a woman and a minority.) Stern has impressive national TIF experience. They have worked for the City on other bond issues and done an excellent job. They have proposed similar interest rates on the bonds as Piper. While Estrada proposed a lower fee, the fee is determined by the lead underwriter. Estrada performed well as the co-underwriter on the Harbor Point bonds, but its experience with TIF bonds is not at the same level as the experience of the firms considered as the stronger candidates to be the lead underwriter.

Overall, Piper and Stern would make a very strong team, and we are confident they will help us structure the bonds in a manner most advantageous to the City, provide appropriate disclosure to bond buyers, and help the City obtain the best possible interest rates for the bonds.

Mr. Meier asked if Piper had worked on the Convention Center deal. Ms. Rogers confirmed that they had performed well on that deal and was satisfied with services they provided on the transaction. Mr. Williams asked why Stern was chosen as co-managing underwriter when Estrada had quoted the lowest price. Ms. Rogers responded that Stern has more experience than Estrada. Ms. Rogers also pointed out that, while Estrada had quoted a lower fee per bond, they did not include other expenses, which is an important factor.

The request to consider and approve the appointments of Piper Sandler as senior managing underwriter and Stern Brothers as co-managing underwriter for the Mayor and City Council of Baltimore Special Obligation Tax Increment Financing Bonds for the Perkins Somerset Oldtown, Series 2021 was approved on the motion of Mr. Meier, seconded by Mr. Williams.

OTHER BUSINESS

There was no other business. The meeting was adjourned at 4:25 pm.

Jennell Rogers
Clerk to the Board of Finance