

August 26, 2019

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

Present: Honorable Bernard C. “Jack Young, Mayor and President  
Joan M. Pratt, Comptroller and Member  
Frederick Meier, Member  
Dana Moulden, Member  
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  
Benedict Richardson, Treasury Management  
Sherrell Haynie, Treasury Management  
Sandra Bennett, Treasury Management  
Evelyn Alston, Treasury Management  
Max LeVee, Municap  
David Saustad, Municap  
Keenan Rice, Municap  
Anehru Hamadu, Audits  
Jason Goods, Audits  
Josh Pasch, Audits  
Thandee Maung, Audits  
Kim Clark, BDC  
Dan Taylor, BDC  
Alan Cason, McGuire Woods LLP  
Walter Horton, Real Estate  
Joann Levin, Law Department  
Mark Reutter, The Brew

## **MINUTES**

Mayor Young requested the Board to review the minutes from the meeting of April 22, 2019. The minutes were approved on the motion of Mr. Meier, seconded by Comptroller Pratt.

## **SECURITY TRANSACTIONS**

Ms. Rogers informed the Board the report was larger than typical due to summer recess; the last meeting was held in April. 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 \$1.4 billion and redemptions totaled \$1.9 billion. Mr. Kraus stated that the main items being purchased were repos and government agencies.

Security transactions since the meeting of April 22, 2019 were approved on the motion of Mr. Meier, seconded by Comptroller Pratt. (Appendix I)

## **MARK TO MARKET VALUATION OF SWAP PORTFOLIO**

Ms. Rogers presented the Mark to Market Valuation Report as of July 31, 2019 with a notional amount of \$151,975,000. The fair market value of the swap portfolio decreased from

(\$31,625,984) to (\$23,630,934). The ten-year Treasury rate decreased from 2.41% to 2.02%. As of the date of this report there is no collateral posting.

The Board accepted the report. (Appendix II)

**CONSIDER AND APPROVE A RESOLUTION AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS (HARBOR POINT), SERIES 2019**

Ms. Rogers requested the Board to consider and approve the enclosed resolution associated with the sale and issuance of the Mayor and City Council for Baltimore Special Obligation Revenue Bonds (Harbor Point), Series 2019. The resolution includes the following items:

1. Authorize the issuance, sale, and delivery of Senior Special Obligation Refunding Revenue Bonds, Series 2019A and Subordinate Special Obligation Refunding Revenue Bonds, Series 2019B in the following amounts and true interest cost:
  - (a) Series 2019A (Refunding) - \$41,500,000 – 7.00%
  - (b) Series 2019B (New Money) - \$7,800,000 – 7.00%
2. Authorize and approve the distribution of the Preliminary Limited Offering Memorandum substantially in the form enclosed.
3. Authorize and approve the execution of the 1<sup>st</sup> and 2<sup>nd</sup> Supplemental Indentures, in substantially final form.
4. Authorize the Chief of the Bureau of Treasury Management to offer these Bonds by a private negotiated sale with Piper Jaffray & Co. and Estrada Hinojosa & Co., serving as underwriters. (approved through a previous action by this Board on April 22, 2019).
5. Appoint the Manufacturers and Traders Trust Company (M&T Bank) as initial bond registrar and paying agent for the Bonds.
6. Approve the Depository Trust Company to act as securities depository for the bonds.
7. Appoint Municap Inc. to serve as administrator of the development district.

The Harbor Point Development District legislation was adopted and signed into law on September 13, 2013. The legislation provided for the issuance of Special Obligation Bonds to pay for certain public improvements in an amount not to exceed \$125 million.

Mr. Kraus noted that the Harbor Point Development District has been presented to the Board several times over the years. Phase 1 has been completed; the Board is now funding Phase 2. With each phase a developer-held bond has been used as collateral for a construction loan instead of a cash bond because it is easier and cheaper, due to lower interest rates and shorter terms.

Dan Taylor, BDC, updated the Board regarding the progress of the project since the last time the Harbor Point Development District was presented in 2016. He informed the Board that the team would like to refund the Series 2016 Bonds and finance an additional \$6.5 million to allow for the next phase of private buildings to be constructed. Mayor Young asked Mr. Taylor to confirm that the TIF proceeds were used to finance the infrastructure that is already completed. Mr. Taylor confirmed and further stated that \$6.5 million in new money will go toward Phase 3.

Keenan Rice, Municap, addressed the Board regarding the addition of subordinate bonds. These are not bonds backed by the full faith and credit of the City full faith bonds; but are revenue bonds with limited obligation and will be paid after senior refunding bonds debt is satisfied. It was noted that this \$6.5 million in bonds is needed due to cost overruns and improvements. The cost of the bridge was underestimated; it widened from two lanes to four

lanes. Also, the pumping substation will be constructed in Phase 2, rather than in Phase 3, at the City's request.

The Board approved the resolution on the motion of Ms. Moulden, seconded by Mr. Meier.

**OTHER BUSINESS**

There was no other business; the meeting was adjourned at 3:48 pm.

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Stephen M. Kraus  
Clerk to the Board of Finance