

April 12, 2023

The meeting of the Board of Finance was called to order at 2:04 p.m.

Present: Simone Johnson (*in lieu of Mayor*)
Bill Henry, Comptroller and Member
Frederick Meier, Member
Arnold Williams, Member (via Microsoft Teams)
Robert Shelton, Member (via Microsoft Teams)
Jennell Rogers, Chief, Bureau of Treasury Management and Clerk to the Board of Finance

Absent: Honorable Brandon M. Scott, Mayor and President

Also Present: Evelyn Alston, Treasury Management
Robert Cennane, Deputy Director of Finance
Joann Levin, Law Dept.
Kristen Ahearn, Planning
John Lloyd, Planning
Kathleen Kelleher, Comptroller's Office

MINUTES

Ms. Johnson requested the Board to review the minutes from the meeting of February 27, 2023. The minutes were approved on the motion of Comptroller Henry, 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 \$252,000,000 and redemptions totaled \$285,000,000.

Security transactions since the meeting on February 27, 2023 were approved on the motion of Mr. Meier, seconded by Comptroller Henry. (Appendix I)

MARK TO MARKET VALUATION OF SWAP PORTFOLIO

Ms. Rogers presented the Mark to Market Valuation Report as of February 28, 2023 with a notional amount of \$126,755,000. The fair market value of the swap portfolio decreased slightly from (\$13,385,896) to (\$12,470,795). The ten-year Treasury rate increased from 3.52% to 3.92%. As of the date of this report, there was no collateral posted.

The Board accepted the report. (Appendix II)

APPROVAL OF THE FY2024-2029 CAPITAL IMPROVEMENT PLAN

Ms. Rogers requested the Board to consider and approve the enclosed FY2024 Capital Budget totaling \$887,852,000 (including \$80,000,000 in General Obligation Bonds) and the six-year Capital Improvement Program ("CIP") for FY2024-2029 totaling 4,073,008,000.

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 this Board's consideration, the Clerk to the Board shall submit a letter of recommendation on behalf of the Board of Finance to the BOE.

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 \$2.7 billion over the six-year program period representing 65% 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 \$1.539 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 FY2024-2029 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 Kristen Ahearn, Planning, who reviewed the budget for the CIP in detail noting that the City Council along with voters govern these loan authorizations. Comptroller Henry asked what the advantage is in using ARPA funds for capital as opposed to using fund balance for operation. Robert Cenname, BBMR, responded that ARPA funds are more flexible than most federal funds.

The FY2024 Capital Budget and the six-year Capital Improvement Program for FY2024-2029 were approved on the motion of Comptroller Henry, seconded by Mr. Meier.

OTHER BUSINESS

Comptroller Henry advised Board members that he is working on a resolution relating to outstanding TIF projects and the lack of built-in transparency. This resolution will be presented to the City Council to request that the Department of Finance begin to submit an annual report each September to the Board of Finance. This report is for reporting purposes and would require data compilation only. Comptroller Henry requested that the team review the drafted resolution and suggest any amendments prior to the next meeting. Ms. Rogers stated that Treasury will consult with their TIF financial advisors and respond. The meeting was adjourned at 2:46 pm.

Jennell Rogers
Clerk to the Board of Finance