June 18, 2018

The special meeting of the Board of Finance was called to order at 1:30 p.m.

Present:  Honorable Catherine E. Pugh, 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
               Joann Levin, Law Department
               Steward Beckham, Comptroller’s Office
               Elizabeth Rice, Municap, Inc.
               Tyler Gray, Municap, Inc.
               Keenan Rice, Municap, Inc.
               Max Levee, Municap, Inc.
               Alan Cason, McGuire Woods, LLP
               Margaret Webster, HABC
               Michael Hunter, Council President’s Office
               Sam Johnson, Office of Council Services
               Wendi Redfern, DHCD
               Jay Greene, DHCD
               Stacy Freed, DHCD
               Tammy Hanley, DHCD
               Melody Simmons, Baltimore Business Journal

MINUTES

Mayor Pugh requested the Board to review the minutes from the meeting of May 29, 2018. The minutes were approved on the motion of Comptroller Pratt, seconded by Mr. Meier.

PERKINS SOMERSET OLDTOWN NEIGHBORHOODS TAX INCREMENT FINANCING PROJECT

Ms. Rogers requested that Board members consider and conceptually approve the Perkins Somerset Oldtown Neighborhoods Tax Increment Financing (“TIF”) proposal to fund infrastructure improvements located on a 65.5 acre site in East Baltimore. As per the TIF policy, this action by the Board is a conceptual approval of the TIF proposal and will allow the Bureau of Treasury Management to begin the formal legislative process to establish the district, and to continue the financial due diligence.
The Perkins Somerset Oldtown (PSO) redevelopment project incorporates a range of investments in mixed-income housing, neighborhood assets and infrastructure, and human capital. The PSO Plan includes several subareas in Perkins/ Middle East- Perkins, Pleasant View Gardens, Somerset, Broadway/ Dunbar, Washington Hill, and Oldtown.

The PSO Plan has two components: the Choice Neighborhood Initiative (CNI) Plan and the Additional Development Plan. Margaret Webster, HABC, briefed the Board on the details of the PSO Plan, emphasizing slides that were highlighted in the visual presentation that was presented to HUD as part of a competitive push to gain funds. Mr. Kraus stressed that this is a comprehensive development plan which includes new streets, parks, and two schools that have put stress on the budget; that is the reason for the needed TIF. Ms. Webster informed members that the owner of the Baltimore Foundery (a currently vacant building located at Central and Pratt Streets) has partnered with the City for the use of this building. He will provide 100 scholarships to Perkins residents for workforce training and 40 additional scholarships per year, for 6 years. Mr. Meier asked what this vocational training included. He was advised that it would include areas such as: woodworking, carpentry, electrical, and even advanced technology training.

Ms. Webster explained that the CNI budget includes license plate readers and security cameras. Mayor Pugh inquired about the installation of security cameras. She was advised that, with the current housing design, all units are faced inward to the courtyard. The new housing units are designed to face outward (toward the street) which provides needed security and a better vantage point for security cameras.

Mr. Kraus explained that there are several funding sources, both private and public-totaling $889 million. He noted that the City is awaiting the status of a CNI funding grant for $30 million. Ms. Moulden asked if the City will still be able to fund the project if the CNI grant does not come through. Mr. Kraus advised members that the City will be able to continue to build to complete the project; however, it will take longer, adding at least another six years to complete. Additionally, Ms. Webster added that the real impact will be to the anticipated funding per resident for the case management operation.

Mr. Meier asked if this is a legal joint venture with all parties sharing legal obligation. He was advised by Mr. Rice that this is more of a joint partnership among the core development members and that each entity has different legal responsibilities. Mr. Meier further inquired as to what would happen if one of the partners drops out. Is the City prepared to finish what we have started? Mr. Rice assured Mr. Meier that the involved entities are very solid, but there are also controls built into this project.

Mr. Rice discussed the job impact of the PSO plan, emphasizing that it is anticipated that greater than 4,000 jobs will be created and over $300 million in annual wages.

Mr. Meier asked if it was reasonable to run numbers on bond returns using a 5.5% interest rate, especially since rates are currently rising. Mr. Rice responded that the team used a conservative rate to anticipate bond issues because rates are always changing. Different interest rate scenarios will be looked at as this project moves forward.

Ms. Moulden asked if the new commercial development will all be located in the additional development space, and how it relates to the commercial development that is taking place as part of the EBDI development plan. Will the commercial developments compete with each other? It was noted that these developments are two blocks apart. Mr. Rice did not take this issue into consideration at the time of his analysis, but he does not anticipate any adverse effects from the two developments existing simultaneously. Mr. Rice agrees that further study is needed.
The Board voted to conceptually approve the Perkins Somerset Oldtown Neighborhoods tax increment financing project on the motion of Comptroller Pratt, seconded by Mr. Meier. (Appendix I)

OTHER BUSINESS

There was no other business; the meeting was adjourned at 2:21 pm.

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Stephen M. Kraus
Clerk to the Board of Finance