

August 28, 2023

The meeting of the Board of Finance was called to order at 3:08 p.m.

Present: Bill Henry, Comptroller and Member
Frederick Meier, Member
Arnold Williams, Member
Robert Shelton, Member
Jennell Rogers, Chief, Bureau of Treasury Management and Clerk to the Board of Finance

Absent: Honorable Brandon M. Scott, Mayor and President

Also Present: Micheal Sullivan, Treasury Management
Evelyn Alston, Treasury Management
Joann Levin, Law Dept.
Doug Krinsky, J.P. Morgan
Cheryl Washington, EBDI
Christopher Sennett, EBDI (*via Webex*)
Alan Cason, McGuire Woods (*via Webex*)

MINUTES

Comptroller Henry requested the Board to review the minutes from the meeting of May 22, 2023. The minutes were approved on the motion of Mr. Meier, seconded by Mr. Williams.

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 \$1,060,068,000 and redemptions totaled \$895,000,000. Ms. Rogers noted that one long-term security was called on June 23, 2023. Mr. Meier commented that it seems that the City is using South Street less. Ms. Rogers stated South Street usually services the City with repurchase agreements; however, there have been no repurchase agreements lately. Ms. Rogers advised the Board of a pending investment study on long-term holdings. There was discussion among Board members relating to prior studies. Comptroller Henry asked if a debt study is being conducted presently, and if the investment study will be completed before that debt study is completed. Ms. Rogers responded that both studies will likely be completed around the same time.

Security transactions since the meeting May 22, 2023 were approved on the motion of Mr. Williams, seconded by Mr. Meier. (Appendix I)

MARK TO MARKET VALUATION OF SWAP PORTFOLIO

Ms. Rogers presented the Mark to Market Valuation Report as of July 31, 2023 with a notional amount of \$123,155,000. The fair market value of the swap portfolio decreased slightly from (\$12,271,255) to (\$10,189,481). The ten-year Treasury rate increased from 3.44% to 3.97%. Comptroller Henry asked for confirmation that Treasury is decreasing participation in SWAPS. Ms. Rogers confirmed. As of the date of this report, there was no collateral posted.

The Board accepted the report. (Appendix II)

EAST BALTIMORE DEVELOPMENT INITIATIVE (EBDI) PROJECT

Ms. Rogers requested the Board to consider and approve the enclosed Amended and Restated Contribution Agreements for the East Baltimore Development Initiative Project.

In December 2007, this Board authorized the issuance of not more than \$85,000,000 of tax increment financing bonds for demolition, site preparation, and relocation costs within the East Baltimore Development Initiative (EBDI) development district. The source of payment of the debt service are the Phase I and Phase II-A tax revenue increment, the Eager PILOT payments, and the Department of Health and Mental Hygiene (DHMH) and Johns Hopkins Graduate Student Housing (GSH) lease payments.

The City originally approved and executed the Contribution Agreement related to the 929 N. Wolfe Street building (the "Wolfe Building") and the DHMH Headquarters Building in 2013. Under the original Contribution Agreement, EBDI agreed to make payments of "Exempt Funds" to the City for the debt service payment on the TIF Bonds issued to support the Wolfe Building and DHMH Headquarters Building. The 929 N. Wolfe parcel was ground leased to 929 N. Wolfe Street LLC ("Wolfe LLC"), a special purpose entity originally 100% controlled by EBDI, to construct and operate the Wolfe Building for graduate student housing for Johns Hopkins University.

On January 31, 2022, P3 Foundation purchased 75% of the controlling membership interest of Wolfe LLC from EBDI and became the General Manager of Wolfe LLC. After this purchase, P3 has the authority to direct Wolfe LLC to take the actions under the Contribution Agreement related to the Wolfe Building. As a minority member, EBDI no longer has any power to direct Wolfe LLC and will soon transfer its remaining 25% interest to P3 Foundation under an arrangement agreed to by the parties. Given P3's purchase, it is necessary to release EBDI from its obligations related to the Wolfe Building and Wolfe LLC and to substitute P3 Foundation in its place. The City will be in the same position, will not have its obligations modified, and will still be receiving the same Exempt Funds that it initially agreed to receive under the Contribution Agreement from Wolfe LLC. The only change is that Wolfe LLC is now owned by P3 Foundation instead of EBDI.

This structure is not changing for the DHMH Building; however, the 2013 Contribution, Agreement will be separated into two Agreements: (1) an Amended & Restated Contribution Agreement for the Wolfe Building and (2) an Amended & Restated Contribution Agreement for DHMI Headquarters Building given that P3 is assuming obligations solely related to the Wolfe Building and Wolfe LLC.

The Board of Finance approved the Contribution Agreements in connection with the prior bond offerings; EBDI requests that the City (Bureau of Treasury Management) execute the Amended and Restated Contribution Agreements. There is no substantive change in the City's position under these agreements. EBDI staff and Bond counsel were present to address any questions/concerns. Board members had a lengthy discussion with Alan Cason, a member of the City's Bond counsel team, regarding the ramifications of releasing EBDI from its obligation.

The Amended and Restated Contribution Agreements for the East Baltimore Development Initiative Project were approved on the motion of Mr. Williams, seconded by Mr. Meier.

OTHER BUSINESS

There was no other business. The meeting was adjourned at 3:58 p.m.

Jennell Rogers
Clerk to the Board of Finance