

September 24, 2018

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

Present: Honorable Catherine E. Pugh, Mayor and President
Larry Silverstein, Vice President (via teleconference)
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

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
Steward Beckham, Comptroller's Office
Walter Horton, Comptroller's Office
James P. Daly, Jr., MD Health & Higher Educational Facilities Authority
Alan Cason, McGuire Woods (Bond counsel)
Jay Greene, DHCD
Stacy Freed, DHCD
Janet Abrahams, HABC
Dr. Dwanda Farmer, HABC
Keenan Rice, Municap, Inc. (via teleconference)

MINUTES

Mayor Pugh requested the Board to review the minutes from the meeting of August 27, 2018. The minutes were approved on the motion of Comptroller Pratt, seconded by Ms. Moulden.

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 \$143 million and redemptions totaled \$192 million.

Security transactions since the meeting of March 26, 2018 were approved on the motion of Comptroller Pratt, seconded by Ms. Moulden. (Appendix I)

MARK TO MARKET VALUATION OF SWAP PORTFOLIO

Ms. Rogers presented the Mark to Market Valuation Report as of August 31, 2018 with a notional amount of \$174,990,000. The fair market value of the swap portfolio increased from (\$28,960,706) to (\$29,752,184). The ten year Treasury rate decreased from 2.96% to 2.86%. As of the date of this report there is no collateral posting.

The Board accepted the report. (Appendix II)

**APPROVAL OF PERKINS SOMERSET TAX INCREMENT PROJECT
LEGISLATION**

Ms. Rogers requested the Board to approve the enclosed resolution authorizing the introduction of ordinances to the City Council regarding the Perkins Somerset Oldtown Tax Increment Financing (TIF):

1. Perkins Somerset Oldtown Development District
2. Perkins Somerset Oldtown Special Tax District
3. Perkins Somerset Oldtown Bond Issuance- Authorizing the issuance of no more than \$105,000,000 of special obligation bonds.

The Board previously approved the Perkins Somerset Oldtown concept (TIF policy process step II) on June 18, 2018. Consideration of the enclosed legislation represents step III that will allow the City Council to consider the ordinances.

Mr. Horton noted that the development district has been expanded to include the Perkins Homes site. He asked what measures are in place to protect Perkins Homes from being totally re-gentrified. Ms. Abrahams, HABC, responded that residents of Perkins Homes have “the right of first refusal”. They are the first ones placed unless they choose to leave. HABC is responsible for the relocation and placement of all Perkins Homes residents. Mr. Horton asked if there is a cost increase for residents after redevelopment. Ms. Abrahams responded that residents will always pay 30% of their income. Mayor Pugh added that all procedures are documented; this ensures proper fulfillment of the agreement.

Mr. Meier expressed concerns regarding the bond interest rates presented in the pro-forma, as there has been a dramatic rise in a relatively short period of time. Mr. Rice responded that the interest rates have a built-in margin that allows for increase. Mr. Kraus reassured him that the team is only in the second phase of the process, which is the concept phase. No bonds will be issued until legislation is approved. At that point, the transaction will be reassessed and updated to reflect the current change in the market. Ms. Moulden requested a copy of a commitment letter from Hansen’s development team.

The Board approved the Perkins Somerset tax increment project legislation on the motion of Comptroller Pratt, seconded by Ms. Moulden.

PARKING REFUNDING REVENUE BONDS, SERIES 2018

Ms. Rogers updated the Board on Parking Refunding Revenue Bonds, Series 2018. The financing structure included refunding certain maturities associated with the Series 2005 and Series 2010 fixed rate debt. The refunding generated a net present value savings of \$4 million or 14% of the refunded bonds. She emphasized that overall the City recognized savings of approximately \$500,000 annually over an eighteen-year term. Siebert Cisneros Shank & Co., LLC (MBE) served as underwriters on this transaction.

OTHER BUSINESS

There was no other business; the meeting was adjourned at 3:18 pm.

Stephen M. Kraus
Clerk to the Board of Finance