

November 25, 2019

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

Present: Honorable Bernard “Jack C. Young, Mayor and President
Joan M. Pratt, Comptroller and Member
Frederick Meier, Member (*via teleconference*)
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
James Knighton, Comptroller’s Office
Elizabeth McKennon, McKennon Shelton & Henn, LLP
Emily Fusting, McKennon Shelton & Henn, LLP
Kristen Ahearn, Planning Department
Sara Paranilam, Planning Department

MINUTES

Mayor Young requested the Board to review the minutes from the meeting of October 28, 2019. The minutes were approved on the motion of Ms. Moulden, seconded by Comptroller Pratt.

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 \$286 million and redemptions totaled \$275 million. Ms. Rogers advised the Board that one security had been called on October 26, 2019. She further advised the Board that interest rates are declining; therefore, securities that are purchased will have a lower rate than securities that are redeemed.

Security transactions since the meeting of October 28, 2019 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 October 31, 2019 with a notional amount of \$149,815,000. The fair market value of the swap portfolio decreased from (\$25,616,435) to (\$25,359,087). The ten-year Treasury rate increased from 1.68% to 1.69%. As of the date of this report there is no collateral posting.

The Board accepted the report. (Appendix II)

CONSIDER AND APPROVE STORMWATER PROJECT REVENUE BONDS, SERIES 2019C

Ms. Rogers requested the Board to consider and approve the enclosed resolution authorizing the issuance of the Mayor and City Council of Baltimore Stormwater Environmental Impact Subordinate Revenue Notes, Series 2019C (“EIB Notes”).

The EIB Notes will finance construction of approximately 85 bioretention facilities, impervious surface removal, and stream restoration projects across different neighborhoods to assist the City in meeting its MS4 Permit requirements. Ms. Rogers outlined the program pay-for-success feature which includes a 5 year monitoring period by an internal DPW inspector and a third party independent evaluator. The agency has selected Morgan State University to serve as the independent evaluator. The terms of the Memorandum of Understanding are being finalized and must be approved by the Board of Estimates.

Mayor Young asked why the Department of Recreation & Parks was not included in the planning of this project, particularly the Forestry Division because they are knowledgeable about plants. Ms. Moulden also asked if the plants would be indigenous to the region. Elizabeth McKennon (McKennon Shelton & Henn, LLP) responded that Recreation and Parks did work with DPW on the project and the plants to be used were studied to determine the appropriate types.

The Board approved the Environmental Impact Subordinate Revenue Notes, Series 2019 resolution on the motion of Ms. Moulden, seconded by Comptroller Pratt. Mayor Young abstained from the vote.

CONSIDER AND ENDORSE THE 2020 LOAN AUTHORIZATION PROGRAM

Ms. Rogers requested the Board to consider and endorse the 2020 Loan Authorization Program totaling \$160 million in general obligation bonds.

The City Charter requires that the Board of Finance provide recommendations to the Board of Estimates on the Mayor and City Council of Baltimore Loan Authorization Program. The Department of Planning administers this program and has recommended an authorization of \$80 million of general obligation bonds in FY2022 and \$80 million in FY2023 for a total of \$160 million. Once the proper approvals have been obtained, this program shall be placed on the November 2020 general election ballot for voter approval and will be incorporated into the City’s capital budget.

The funding categories are as follows:

- Public Infrastructure \$ 72 million
- Community and Economic Development \$ 38 million
- Schools \$ 38 million
- Affordable Housing \$ 12 million
- Total (CIP – FY22 and FY23) \$160 million

Ms. Ahearn spoke briefly regarding the Loan Authorization Program. She noted that a portion of GO bonds assigned to Public Infrastructure may need to be used for transportation-related projects because the City may not be able to commit any general funds towards capital projects for the next several years. Mayor Young questioned the amount of funds allocated to Community and Economic Development. He stated that this amount does not seem to consider the large number of housing projects in the City and may not be sufficient to continue or complete development in those communities. He asked the Board to defer action on this item to

allow his office to meet with Planning to discuss possible funding modifications. Ms. Ahearn stated that Planning will review their recommendations. The Board agreed to revisit the Loan Authorization request at next month's meeting.

OTHER BUSINESS

There was no other business; the meeting was adjourned at 3:32 pm.

Stephen M. Kraus
Clerk to the Board of Finance