

November 28, 2022

The meeting of the Board of Finance was called to order at 3:03 p.m.

Present: Christopher Shorter, Chief Administrative Officer (*in lieu of Mayor*)
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 C. Scott, Mayor and President

Also Present: Michael Moiseyev, Director of Finance
Evelyn Alston, Treasury Management
Joann Levin, Law Department
Donna Briscoe, Law Department
Douglas Krinsky, J. P. Morgan

MINUTES

Mayor Scott requested the Board to review the minutes from the meeting of October 24, 2022. The minutes were approved on the motion of Mr. Williams, 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 \$313,102,500 and redemptions totaled \$505,000,000. Ms. Rogers noted that the City's portfolio is reaping the benefits of rising interest rates.

Security transactions since the meeting October 24, 2022 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 October 31, 2022 with a notional amount of \$126,755,000. The fair market value of the swap portfolio increased slightly from (\$12,981,922) to (\$13,000,427). The ten-year Treasury rate increased from 3.83% to 4.18%. Ms. Rogers advised the Board that there are only two remaining SWAPs: Water and Parking.

The Board accepted the report. (Appendix II)

APPROVAL OF A RESOLUTION AUTHORIZING ESTABLISHMENT OF A BANK ACCOUNT FOR THE LAW DEPARTMENT

Ms. Rogers requested the Board to approve the enclosed resolution authorizing the opening of a Law Department/Workers' Compensation checking account with Wells Fargo, and establish signatories for the account.

The City has contracted with a third party, Sedgewick, to administer the Workers' Compensation program to pay claims and other fees on behalf of the City. Currently, the program has two accounts held with M&T Bank which one account funds the zero-balance account for the checks presented for payment. York Risk was the former Administrator, and when the City transferred the services to the successor, specific controls were not maintained when the transition was completed. Consequently, the accounts were not reconciled routinely, and M&T Bank notified the City that the Fraud Department detected questionable ACH (Automated Clearing House) withdrawals for electronic fund transfers between December 2020 and January 2022. The Office of the Inspector General (OIG) investigated, and the City recovered some fraudulent transfers.

OIG concluded, and the Law Department agreed to request that the Department of Finance close the accounts. The City's third-party Administrator, Sedgewick, would take over the payment functions done through this account by opening its account and billing the City for the funds needed for those transactions. This new process will allow the Administrator to closely monitor the activity by reviewing detailed statements from the bank. Sedgewick has offered to manage these payments through its bank account – fee free – as part of its current contract with the City.

Sedgewick will provide a threshold for the frequency of the transfers and the amounts needed to fund the account. The resolution authorizes the Law Department to open an account with Wells Fargo in the name of the Mayor and City Council of Baltimore – Law Department – Workers' Compensation Program. The authorized signatories shall be Sedgewick Finance Leadership Team. The Administrator will be responsible for identifying a qualified non-signatory to reconcile the account monthly, and the Law Department will review the reconciliation.

The Bureau of Treasury Management shall notify the Department of Audits of establishing this account. Mr. Shorter asked if there would be any procedural changes. Ms. Rogers responded that there would not be changes. Mr. Williams asked who would be responsible for reviewing invoices/statements received from Sedgewick. Ms. Rogers responded that the Law Department would conduct all activities within the account. She added that all transactions submitted by Sedgewick must have supporting documentation attached.

The resolution authorizing the opening of a Law Department/Workers' Compensation checking account with Wells Fargo was approved on the motion of Comptroller Henry, seconded by Mr. Williams.

OTHER BUSINESS

Comptroller Henry asked if Board of Finance (BOF) meetings are hybrid and if they are visible online. Ms. Rogers responded that BOF meetings are in-person meetings. The public is welcome to sit in and observe meetings; however, no recorded video exists. Mr. Shorter suggested that future meetings can be held in the Board of Estimates chambers to be recorded and loaded onto the Charm City channel for public viewing. Mr. Meier stated that financial strategies are discussed at meetings and other sensitive information. This item still needs to be addressed.

The meeting was adjourned at 3:26 pm.

Jennell Rogers
Clerk to the Board of Finance