

December 18, 2019

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

Present: Honorable Bernard C. “Jack Young, 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
Evelyn Alston, Treasury Management
Joann Levin, Law Department
Kristen Ahearn, Planning Department
Sara Paraniham, Planning Department
Lester Davis, Mayor’s Office
Carolyn Mozell, Mayor’s Office
James Knighton, Comptroller’s Office
Melody Simmons, BBJ
M. Pollak, Ballard Spahr
S. Yum, Baltimore Development Corporation
Patrick Terranova, Baltimore Development Corporation
Kim Clark, Baltimore Development Corporation
Colin Tarbert, Baltimore Development Corporation
Keenan Rice, Municap
Max Levee, Municap
T. Culp, WBAL TV
J. Miller, WBAL TV
Alan Cason, McGuire Woods LLP

MINUTES

Mayor Young requested the Board to review the minutes from the meeting of November 25, 2019. The minutes were approved on the motion of Mr. Meier, 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 \$279 million and redemptions totaled \$185 million.

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 November 30, 2019 with a notional amount of \$149,815,000. The fair market value of the swap portfolio decreased from (\$25,359,087) to (\$24,677,152). The ten-year Treasury rate increased from 1.69% to 1.78%. As of the date of this report there is no collateral posting.

The Board accepted the report. (Appendix II)

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. This item was deferred at last month's meeting at the request of Mayor Young. Planning has since reviewed their recommendations with the Mayor and both parties have agreed that the previous recommendations should remain unchanged.

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

The 2020 Loan Authorization Program was approved on the motion of Comptroller Pratt, seconded by Mr. Meier.

RESOLUTION AUTHORIZING THE ISSUANCE OF THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION SPECIAL OBLIGATION BONDS, SERIES 2020 (PORT COVINGTON DEVELOPMENT)

Ms. Rogers requested the Board to consider and endorse the enclosed resolution authorizing the issuance and delivery of the Maryland Economic Development Corporation Special Obligation Bonds, Series 2020 (Port Covington). The resolution includes the following items:

1. Authorize the issuance, sale and delivery of not more than \$148,000,000 fixed rate Special Obligation Bonds Series 2020, with a rate not to exceed 5.50%.
2. Authorize the Bonds to be sold on a negotiated basis.
3. Authorize and approve the execution of the enclosed Indenture of Trust, in substantially final form for the Series 2020 Bonds.
4. Authorize the preparation by MEDCO of the Preliminary Limited Offering Memorandum and final Limited Offering Memorandum substantially in the form enclosed.
5. Authorize and approve the enclosed Contribution Agreement between the City and Maryland Economic Development Corporation ("MEDCO"), substantially in the form enclosed.
6. Authorize and approve the enclosed Funding Agreement between the City, Weller Development Company, LLC, Baltimore Urban Revitalization, LLC, and MEDCO, substantially in the form enclosed.
7. Approve the Depository Trust Company to act as securities depository for the bonds.
8. Approve Manufacturers and Traders Trust Company to act as Trustee, Registrar, and paying agent.

9. Approve Maryland Economic Development Corporation (MEDCO) as the Issuer to negotiate certain terms of and execute a Bond Purchase Agreement with regard to the Bonds.

This Board previously approved the Port Covington TIF concept (TIF policy process step 1) on April 25, 2016 and the introduction of legislation to the City Council as follows: 1.) Ordinance establishing the Development District; 2.) Ordinance authorizing the Special Taxing District; and 3.) Bond Ordinance for issuance of the bonds. The legislation was passed and signed by the Mayor on September 22, 2016.

Port Covington is a master-planned mixed-use community comprising of approximately 14.1 million square feet of new construction, to be built in several phases over a fifteen to twenty-year period. The current development phase, known as Chapter 1B, includes five (5) vertical buildings, a parking garage with over 1,000 spaces, and approximately 10 acres of publicly available greenspace, including parks, paths, and shoreline improvements.

The purpose of the Bonds will be to fund certain public purpose improvements such as roads, sidewalks, trees/landscaping, traffic signals, street lights, bulkhead, stormwater management facilities, utilities, and miscellaneous site furnishing. The special obligation Bonds shall be payable from and secured solely by the tax increment revenues, special district tax revenues, and other related bond accounts pledged under the Indenture. The City has entered into the Contribution Agreement with the Issuer, under which the City will deposit the Tax Increment Revenues collected from the Development District into the Tax Increment and the Special Tax Revenue collected from the Special Taxing District into the Special Tax Fund. The Bonds are not general obligations of the City, and do not constitute a pledge of the full faith and credit or the taxing power of the City.

The bond proceeds will also be used to provide funding for: (1) required debt reserve fund, (2) capitalized interest account, and (3) pay cost of issuance.

Colin Tarbert, Baltimore Development Corporation, provided a brief overview of the project and reminded Board members of the MOU that was developed between the City and the developers that requires them to provide: diversity, local jobs, and affordable housing.

Alan Cason, McGuire Woods LLP, informed the Board that his office has been working with the developer team, focusing on the horizontal construction which will support the private development to create revenue for the TIF. He gave an update regarding the specifics of the joint venture ownership structural. Mr. Kraus added that the developer will complete the infrastructure then sell the parcels off to other entities that will construct the vertical portion, consisting of 536 rental units and 1000 parking spaces.

Keenan Rice, Municap, addressed the Board regarding the sources needed for the vertical development. He advised members that- among other prerequisites- the developer is required to have the equity secured before the bonds are issued. Mr. Kraus added that there is a lot of equity in the project, particularly limited partner equity with Goldman Sachs. Mr. Rice stated that opportunity zones investment groups are a valuable tool for obtaining money. Upon inquiry by Mr. Meier, Mr. Rice confirmed that opportunity zones were not created when this project was initially conceived.

Mr. Rice also spoke on the horizontal development. He noted that there is development in two parts: land development and structural development. He stated that most of the soft cost had already been spent. There was dialogue regarding the implementation of the special tax and the amount of wages that will be generated by the creation of local jobs. Ms. Moulden asked why

there was not a higher percentage for inclusionary housing. Mr. Rice asserted that every effort has been made to create as many affordable housing units as possible.

The resolution authorizing the issuance and delivery of the Maryland Economic Development Corporation (“MEDCO”) Special Obligation Bonds (Port Covington), Series 2020 was approved on the motion of Ms. Moulden, seconded by Comptroller Pratt.

OTHER BUSINESS

There was no other business; the meeting was adjourned at 4:07 pm.

Stephen M. Kraus
Clerk to the Board of Finance