

March 22, 2021

The meeting of the Board of Finance was called to order at 3:05 p.m. via Webex.

Present: Honorable Brandon M. Scott, Mayor and President  
Bill Henry, Comptroller and Member  
Frederick Meier, Member  
Arnold Williams, Member  
Jennell Rogers, Chief, Bureau of Treasury Management and Clerk  
to the Board of Finance

Also Present: Benedict Richardson, Treasury Management  
Evelyn Alston, Treasury Management  
Chris Shorter, Mayor's Office  
Joann Levin, Law Department  
Mike Mullen, Law Department  
Troy Brogden, DPW  
Andrew Aleshire, DPW  
Ann Haskins, DPW

### **MINUTES**

Mayor Scott requested the Board to review the minutes from the meeting of February 22, 2020. The minutes were approved on the motion of Mr. Meier, seconded by Comptroller Henry.

### **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 \$355,000,000 and redemptions totaled \$265,000,000.

Security transactions since the meeting November 23, 2020 were approved on the motion of Mr. Meier, seconded by Comptroller Henry. (Appendix I)

### **MARK TO MARKET VALUATION OF SWAP PORTFOLIO**

Ms. Rogers presented the Mark to Market Valuation Report as of February 28, 2021 with a notional amount of \$143,755,000. The fair market value of the swap portfolio decreased slightly from (\$24,497,669) to (\$22,822,240). The ten-year Treasury rate increased from 1.11% to 1.44%. As of the date of this report no collateral was posted.

The Board accepted the report. (Appendix II)

**STORMWATER SUBORDINATE OBLIGATION, SERIES 2021B WITH THE BALTIMORE CIVIC FUND**

Ms. Rogers requested the Board to consider and approve the enclosed resolution authorizing the issuance and delivery of the Mayor and City Council of Baltimore Stormwater Subordinate Obligation, Series 2021B. The resolution includes the following items:

1. Authorizes the issuance and delivery of a Stormwater Subordinate Obligation Series 2021B (the Obligation) in an amount not to exceed \$3,000,000. The interest rate will be 0.0% for seven years; upon occurrence and during continuation of an Event of Default, interest would accrue on the outstanding balance at an annual rate equal to 2.00%.
2. Authorize and approve the execution of the Stormwater Projects 4<sup>th</sup> Supplemental Bond Resolution.
3. Appoint Manufacturers and Traders Trust Company to act as Trustee, Registrar, and Paying Agent for the Obligation.

The proceeds of the Obligation will be used to fund a portion of the City's Residential Recycling Cart initiative to provide free recycling carts to Baltimore residents. The Department of Public Works (DPW) will also fund a Debt Service Reserve Fund in the amount of \$3,000,000 which will be solely for this Obligation. Security for the Obligation is identified in the resolution as "Pledged Amounts" and are operating revenues of the stormwater enterprise system.

The Baltimore Civic Fund (BCF), an independent non-profit organization, will enter into a loan agreement with Closed Loop Fund, LP to provide a portion of the funding for the initiative. Under the Fiscal Sponsorship Agreement, the City will support the repayment of the loan to Closed Loop through payments to BCF. This Obligation will be delivered to BCF to secure the City's payment obligations. The Fiscal Sponsorship Agreement with BCF will be submitted to the Board of Estimates for its approval.

Andrew Aleshire, DPW, briefed the Board on some project highlights for the Recycling Cart initiative. He stated that the City will purchase 205,000 recycling carts to be distributed between late May and December 2021. Residents will receive 65 gal. carts with an option to opt down to 35 gal. carts. The City will benefit from this program because there will be less waste in landfills and incinerators. Additionally, the lidded containers will keep more waste from blowing around and entering stormwater facilities. Fiscal oversight for the program will be provided by the Baltimore Civic Fund. The proposed funding structure for this program is such that the Recycling Partnership will provide \$1.44M in grant funds and \$1.5M in-kind contributions. The Closed Loop Fund will provide a 0% interest loan for \$3M for the project. The City will provide funding to the Civic Fund for a share of the project not covered by the grant and contribute quarterly payments to the Civic Fund for repayment of the Closed Loop Fund loan. Mr. Meier asked what would happen to the yellow recycling cans that some City residents are currently using. Mr. Aleshire stated that residents may keep the cans; however, the City is attempting to develop best practices for collecting the cans back from residents. Comptroller Henry suggested encouraging residents to repurpose the old bins for use at work and as additional recycling containers.

The request to consider and approve the resolution authorizing the issuance and delivery of the Mayor and City Council of Baltimore Stormwater Subordinate Obligation, Series 2021B was approved on the motion of Comptroller Henry, seconded by Mr. Meier. (Appendix III)

**SELECTION OF BOND COUNSEL GENERAL OBLIGATION BONDS, WATER, WASTEWATER, STORMWATER REVENUE BONDS**

Ms. Rogers requested the Board to consider and approve the selection of bond counsel appointments:

1. McKennon Shelton & Henn (MBE)- General Obligation Bonds
2. Whiteford Taylor- Water, Wastewater, Stormwater Revenue Bonds

The City issued requests for proposals for bond counsel in connection with the City's general obligation bonds and for the City's water, wastewater, and stormwater revenue bonds. Each contract will be for 3 years to provide improved continuity of personnel and service to benefit the City. Requests for proposals were sent to Baltimore firms experienced in public finance: McKennon Shelton & Henn; McGuire Woods; Ballard Spahr; Miles and Stockbridge; Whiteford Taylor; Funk and Bolton; DLA Piper and Venable.

The City Solicitor selected McKennon Shelton & Henn as bond counsel for the Consolidated Public Improvement Bonds. The team, led by Paul Shelton, has substantial experience representing both the City as well as Montgomery, Anne Arundel, Carroll, and Baltimore Counties in connection with general obligation bonds. This Baltimore firm is also the only certified Minority Business Enterprise law firm practicing in public finance.

The City Solicitor selected Whiteford Taylor to serve as bond counsel for the Water, Wastewater & Stormwater revenue bonds. Whiteford Taylor has significant depth and breadth of experience with Baltimore's utility revenue bonds. In particular, the Whiteford team, led by Kimberly Min, has substantial expertise handling the complexities of the EPA's Water Infrastructure Finance and Innovation Act (WIFIA) and the Maryland Water Quality Financing Administration (MWQFA) program, as well as the City's publicly offered revenue bond transactions. Comptroller Henry asked why one of the hourly rate bids for the Water, Wastewater, Stormwater revenue bonds had been listed as confidential since these meetings are public information. Joann Levin, Law Department, responded that the bid rate was not listed as a courtesy to the law firm but she is sure that the information would be disclosed, if requested.

The request to consider and approve the selection of McKennon Shelton & Henn as bond counsel for the Consolidated Public Improvement Bonds and Whiteford Taylor to serve as bond counsel for the Water, Wastewater & Stormwater revenue bonds was approved on the motion of Comptroller Henry, seconded by Mr. Meier. (Appendix IV)

**OTHER BUSINESS**

There was no other business. The meeting was adjourned at 3:25 pm.

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Jennell Rogers  
Clerk to the Board of Finance