

March 26, 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
Joan M. Pratt, Comptroller and Member
Larry Silverstein, Vice President
Dana Moulden, Member
Stephen Kraus, (Deputy Director of Finance and Clerk to the Board of Finance)

Absent: Frederick Meier, Member

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
Steward Beckham, Comptroller's Office
Sara Paraniham, Planning Department
Gabriel Stuart-Sikowitz, Councilwoman Sneed's office (District 13)

MINUTES

Mayor Pugh requested the Board to review the minutes from the meeting of February 26, 2018. The minutes were approved on the motion of Comptroller Pratt, seconded by Mr. Silverstein.

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 \$260 million and redemptions totaled \$220 million. Ms. Rogers addressed an inquiry that was posed at last month's meeting regarding the high number of repurchase agreement (repo) investments with a single provider. Ms. Rogers informed members that she had reached out to other jurisdictions in Maryland to determine the maximum limit on the percentage of transactions that they allow with a single provider. The results were as follows: State of Maryland- 30%; Maryland National Capitol Park- 30%; Harford County- 50%; Anne Arundel County, Howard County, and Prince Georges County all have no cap. Based on this review, Ms. Rogers recommended that the Board cap its repos investment at 50% per dealer to allow the City to capitalize on the provider with the highest interest rate. Board members were also informed that the City will be adding BB&T to its available repo providers. Mayor Pugh asked if there are any MBE investment providers available. Ms. Rogers stated that there are no MBE providers available for repo investments at this time.

The recommendation to change the investment percentage cap to 50% was approved on the motion of Comptroller Pratt, seconded by Ms. Moulden.

Security transactions since the meeting of February 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 February 28, 2018 with a notional amount of \$176,590,000. The fair market value of the swap portfolio decreased from (\$33,376,292) to (\$32,256,634). The ten year Treasury rate increased from 2.72% to 2.87%. As of the date of this report there is no collateral posting.

The Board accepted the report. (Appendix II)

CONSIDER AND APPROVE FY2019 – 2024 CAPITAL BUDGET AND CAPITAL IMPROVEMENT PLAN

Ms. Rogers requested the Board to endorse the FY2019 Capital Budget totaling \$618,069,000 (including \$65,000,000 in General Obligation Bonds) and the six-year Capital Improvement Program (“CIP”) for FY2019 – 2024 totaling \$1,882,044,000.

Ms. Rogers discussed the Source of Funds and Agency Distribution schedules. She explained several projects of note listed in the CIP.

Mr. Kraus introduced Sara Paraniham, Department of Planning. Ms. Paraniham explained the process and the timeline associated with developing the Capital Budget and Capital Improvement Plan. She asserted that most of the capital improvement projects are associated with the Department of Public Works (DPW). She noted that the Planning Department’s funding recommendation for DPW was higher than the agency’s request because of changes that DPW made after their request submission was due in December 2017. She asserted that the recommendations of the Planning Department match those of the Board of Finance. She spoke about changes that were approved by the Planning Commission.

Ms. Moulden asked if information related to the upcoming Capital Budget and Capital Improvement Plan could be distributed to the Board earlier so that members will have more time to review the CIP. Ms. Paraniham advised the team that recommendations are posted on the Planning Department’s site the day after recommendations are presented to the Planning Commission. Mr. Kraus resolved that Treasury will circulate the link to the report to Board members so that they can access the CIP earlier.

The Board approved the FY2019 – 2024 Capital Budget and Capital Improvement Plan on the motion of Comptroller Pratt, seconded by Ms. Moulden. (Appendix III)

CONSIDER AND APPROVE INTRODUCTION OF THE RESOLUTION FOR THE ISSUANCE OF COUNTY TRANSPORTATION BONDS TO CITY COUNCIL

Ms. Rogers requested the Board to approve the introduction of a resolution to the City Council, and companion Participation Agreement between the Maryland Department of Transportation (MDOT) and the Mayor and City Council of Baltimore, authorizing the issuance of not more than \$60,500,000 of County Transportation Revenue Bonds by MDOT on behalf of the Mayor and City Council of Baltimore.

The City Department of Transportation has requested the Bureau of Treasury Management coordinate with MDOT to issue the Revenue Bonds to fund a backlog of 32 projects and FY2019 projects that include resurfacing and reconstruction of various bridge and roadway projects throughout the City. All projects for FY2016 – 2018 are in the CIP and the Ordinance of Estimates (Exhibit A).

The Board approved the introduction of a resolution to the City Council on the motion of Comptroller Pratt, seconded by Ms. Moulden. (Appendix IV)

CONSIDER AND CONCEPTUALLY APPROVE THE ISSUANCE OF PARKING REFUNDING REVENUE BONDS

Ms. Rogers requested the Board to conceptually approve the issuance of Parking Revenue Refunding Bonds to refinance existing debt totaling \$27,635,000 associated with Series 2005 & Series 2010. At a later date, Treasury will present the request to approve bond counsel and underwriters for the financing.

The request to proceed with assembling the finance team to work on the bond issue was approved on the motion of Comptroller Pratt, seconded by Ms. Moulden. (Appendix V)

OTHER BUSINESS

There was no other business; the meeting was adjourned at 3:37 pm.

Stephen M. Kraus
Clerk to the Board of Finance