

October 22, 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  
Larry Silverstein, Vice 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

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  
Steward Beckham, Comptroller's Office  
Lynette Washington, BCPSS  
Nichole Stewart, BCPSS  
Sara Paranilam, Dept. of Planning  
Kristen Ahearn, Dept. of Planning

## **MINUTES**

Mayor Pugh requested the Board to review the minutes from the meeting of September 24, 2018. The minutes were approved on the motion of Comptroller Pratt, seconded by Ms. Moulden.

## **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 \$241 million and redemptions totaled \$229 million.

Security transactions since the meeting of September 24, 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 September 30, 2018 with a notional amount of \$174,990,000. The fair market value of the swap portfolio decreased from (\$29,752,184) to (\$28,116,992). The ten year Treasury rate increased from 2.86% to 3.05%. As of the date of this report there is no collateral posting. Mr. Meier stated the Fed plans to replace the LIBOR index which is the one widely used in the swap portfolio. He asked once the Fed has selected a definitive index what effect will this have on the City's current agreement with the swap providers. Mr. Kraus stated the swap providers will amend the current terms to reflect the change. Treasury and the Law Department will investigate the matter.

The Board accepted the report. (Appendix II)

**APPROVAL OF THE FY2020-2025 BALTIMORE CITY PUBLIC SCHOOLS CAPITAL IMPROVEMENT PLAN**

Ms. Rogers requested the Board to approve the enclosed Baltimore City Public Schools (BCPS) Capital Improvement Plan (CIP) for FY 2020 and FY2021-2025. The program includes \$114,000,000 in City bond funds and \$276,329,000 in State funds for a total of 390,329,000

Regulations for the administration of the school CIP require that BCPS Department of Facilities Planning and School Construction submit annually an updated and detailed capital program for the upcoming fiscal year and the ensuing five fiscal years to the State Interagency Committee on School Construction as a requirement for receiving school construction funds from the State.

Nichole Stewart and Lynette Washington, both from BCPSS, briefed the Board on the details of the school system's 2020 CIP program. Ms. Stewart informed the Board that funding requests total \$101,420,000, consisting of \$19M in City GO bond funds and \$82.4M in State funds. BCPSS estimates actual state funding will likely be approximately \$30 million due, in part, to the State's commitment to the 21<sup>st</sup> Century Building Initiative. The 2020 CIP continues to focus on major facilities upgrades and deferred maintenance. Significant projects include: Graceland Park-O'Donnell Heights PK-8, Holabird PK-8 School replacements, Armistead Gardens, and Maree Farring estimated to be \$118.3 million and safety /systemic improvements at 32 schools totaling \$85.5 million. The systemic projects are of an urgent nature and cannot be delayed for the 21<sup>st</sup> Century Initiative.

Ms. Stewart advised the Board that CIP projects for FY2019 are currently in design. FY2018 projects are either in design or under construction. FY2017 projects are mostly in construction. She stated that the City was approved for a \$15 million HVAC grant. Funds must be used for the design, construction, and capital equipment of heating, ventilation, and air conditioning improvements. This grant is held in reserve and was not included in the total FY2019 CIP allocation. She further stated that, while there are plans to install air conditioning in several schools, installation will not include common areas such as the cafeteria and gymnasium. Ms. Stewart also noted a school safety grant program to provide school security. City schools have a potential allocation of \$1,071,000. Mr. Kraus asked how the allocation of these funds is calculated. Ms. Stewart responded that allocation is based on enrollment.

Mr. Meier inquired about the amount of CIP funds received and how much is actually spent. Ms. Stewart advised him that projects are in various phases of development; therefore, funds may be earmarked but not yet spent. Mr. Kraus asked if Ms. Stewart would provide a spreadsheet allocating spending so that the team can get an idea of spend down practices. Ms. Stewart noted that a mid-year report will be available in December. Mr. Kraus requested a copy of last year's report so that the team will not have to wait.

The Board approved the FY 2020-2025 Baltimore City Public Schools Capital Improvement Plan on the motion of Mr. Meier, seconded by Ms. Moulden.

**OTHER BUSINESS**

There was no other business; the meeting was adjourned at 3:24 p.m.

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Stephen M. Kraus  
Clerk to the Board of Finance