

June 27, 2022

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

Present: Honorable Brandon M. Scott, Mayor and President
Bill Henry, Comptroller and Member
Frederick Meier, Member
Arnold Williams, Member
Rob Shelton, 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
Joann Levin, Law Department
Max Levee, Municap
Keenan Rice, Municap
Lizzy Rice, Municap
Anna Horevay, McGuire Woods
Dan Taylor, BDC
Kim Clark, BDC

MINUTES

Mayor Scott requested the Board to review the minutes from the meetings of May 5, 2022. The minutes were approved on the motion of Mr. Williams, 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 \$1,130,000,000 and redemptions totaled \$825,000,000. Ms. Rogers advised the Board that Treasury has started purchasing long term securities again since the market has increased in rates. The City's investment policy allows for the purchase of \$100M in long term securities. These purchases will help to build the earning potential of the City's portfolio. Mr. Shelton asked if the City has an investment advisor. Ms. Rogers responded that Treasury makes investment decisions without outside assistance.

Security transactions since the meeting May 5, 2022 were approved on the motion of Mr. Williams, seconded by Mr. Shelton. (Appendix I)

MARK TO MARKET VALUATION OF SWAP PORTFOLIO

Ms. Rogers presented the Mark to Market Valuation Report as of May 31, 2022 with a notional amount of \$136,055,000. The fair market value of the swap portfolio decreased slightly from (\$18,915,721) to (\$18,428,574). The ten-year Treasury rate increased from 2.40% to 2.85%. As of the date of this report, there was no collateral posted.

The Board accepted the report. (Appendix II)

APPROVAL OF THE SPECIAL OBLIGATION BONDS (HARBOR POINT), SERIES 2022

Ms. Rogers requested the Board to approve the enclosed resolution authorizing the sale and issuance of the Mayor and City Council of Baltimore Special Obligation Revenue Bonds (Harbor Point), Series 2022. The resolution includes the following items:

1. Authorize the issuance, sale and delivery of Subordinate Special Obligation Revenue Bonds, Series 2022 in the amount not to exceed \$39,285,000 with maximum true interest cost (TIC) of 7.00%.
2. Authorize and approve the distribution of the Preliminary Limited Offering Memorandum and the final Limited Offering Memorandum substantially in the form enclosed.
3. Authorize and approve the execution of the 1st Supplemental Indenture, in substantially final form.
4. Authorize the Chief of the Bureau of Treasury Management to offer these Bonds by a private negotiated sale with Piper Sandler & Co. and Stifel, Nicholas & Company, serving as underwriters (approved through a previous action by this Board on August 23, 2021).
5. Appoint the Manufacturers and Traders Trust Company (M&T Bank) as initial bond registrar and paying agent for the Bonds.
6. Approve the Depository Trust Company to act as securities depository for the bonds.
7. Appoint Municap, Inc. to serve as administrator of the development district.

Ms. Rogers gave a brief background of the details about the Harbor Point development and noted that this is the last tranche of bonds financing the Harbor Point project. Ms. Rogers introduced Dan Taylor, Baltimore Development Corporation, to provide the project development update and Keenan Rice (Municap, financial advisor), Municap, for the project's fiscal impact and analysis. Mr. Taylor noted that the Harbor Point project was intended to be built in tranches. This issuance will fulfill the remaining publicly funded improvements at Harbor Point. Mr. Shelton asked if Parcel 4 was included in the Capital Improvement Plan adopted at the last BOF meeting. Mr. Taylor responded that a prior bond issuance constructed the roads and utilities that serve this parcel; only the two buildings to be occupied by T. Rowe Price remain to be completed. Mr. Rice later noted that these two buildings would mainly produce the incremental tax revenue to pay the debt service on these bonds. Mr. Rice also pointed out that this would be the last series of bonds issued for this project. It will bring the total TIF issuance amount to \$125 million, which the City Council approves. Mr. Shelton had several questions for clarity regarding the type of tax to be assigned to the two properties. He asserted that there is a big difference between a special tax (which the developer pays and is liable for) and whether it is an ad valorem tax, which will go with the property and be subject to a lien. Mr. Shelton further stated his issue with whether the tax is an obligation of the developer or whether the property owners ultimately are responsible if the developer does not pay it. Mr. Shelton asserted that it is crucial who is liable. He asked how much had been paid on the prior outstanding bonds. Mr. Rice responded that he does have that amount available at this meeting. Mr. Shelton stated that, while he thinks this is an excellent project, he needs to understand how taxes will be collected, how it is proportioned, and who is responsible for paying them. Mr. Rice offered to give Mr. Shelton a briefing before the next meeting. Anna Horevay, McGuire Woods also suggested that, as the author of the offering document, they can look at the descriptions of ad valorem taxes to ensure that they are described accurately. Mr. Rice continued his presentation by advising the Board that the net projected impact of the project is estimated at \$515 million of positive tax revenues over the remaining term of the bonds. Comptroller Henry asked Mr. Rice if he had access to any of the fiscal impact analyses that were done before the approval of this project so that he could compare what was projected to the actual results. Mr. Rice responded that the fiscal impact is lower than projected because some properties' assessed value

declined. Comptroller Henry asked for this response to be submitted in writing. Mr. Rice affirmed the information would be provided.

Comptroller Henry expressed concern that the BOF meetings seem to be the only platform where the general public can get the details regarding a project and how it has changed over time as it goes through all phases. He asked where the public could go to track a City project. Mr. Rice answered that the developer has to prepare an annual disclosure report available to the public.

The resolution authorizing the sale and issuance of the Mayor and City Council of Baltimore Special Obligation Revenue Bonds (Harbor Point), Series 2022, was approved on the motion of Comptroller Henry, seconded by Mr. Williams. Mr. Shelton reported that he would vote in favor of the resolution with the caveat that the viability is ultimately a lien attached to the property.

APPROVAL OF THE CONSOLIDATED PUBLIC IMPROVEMENT BONDS, SERIES 2022

Ms. Rogers requested the Board to approve the attached resolution associated with the sale and issuance of the Mayor and City Council of Baltimore Consolidated Public Improvement Bonds, Series 2022. The resolution includes the following:

1. Authorize the issuance, sale and delivery of Consolidated Public Improvement Bonds, Series 2022A (new money tax-exempt) and Series 2022B (new taxable) in an amount not to exceed \$70,000,000. The true interest cost rate on the Bonds shall not exceed the following:
 - (a) Series 2022A (tax-exempt) – 5.4%
 - (b) Series 2022B (taxable) – 6.69%
2. Authorize and approve the distribution of the Preliminary Official Statement, the final Official Statement, and Notice of Sale for the Series 2022 Bonds substantially in the form enclosed.
3. Authorize the Chief of the Bureau of Treasury Management to offer these Bonds by competitive sale.
4. Appoint the city as initial bond registrar, paying agent and authenticating agent for the Bonds.
5. Approve the Depository Trust Company to act as securities depository for the bonds.

The proceeds of the bonds shall be used to provide funding for various capital improvement projects appropriated in the City's capital budget and may pay the costs of issuance of the Series 2022 Bonds. The bonds will be valid and legally binding general obligations of the City for which its full faith and credit are pledged.

The Series 2022 Bonds are expected to price on or about July 20th and close on August 3rd. Principal is due on October 15, 2022. Enclosed please find the Resolution, substantial final form of the Preliminary Official Statement, Sources & Uses, and Project List.

Ms. Rogers noted that annually the City issues General Obligation Bonds to fund capital improvements projects. Mr. Meier asked what the taxable portion is. Ms. Rogers answered that it is currently based on a 70/30 split; however, the bond counsel are still conducting the tax analyses.

The resolution authorizing the sale and issuance of the Consolidated Public Improvement Bonds, Series 2022 was approved on the motion of Mr. Meier, seconded by Mr. Williams.

OTHER BUSINESS

There was no other business. The meeting was adjourned at 4:25 pm.

Jennell Rogers
Clerk to the Board of Finance