

May 29, 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 (via conference call)
Joan M. Pratt, Comptroller and Member (via conference call)
Larry Silverstein, Vice President (via conference call)
Frederick Meier, Member (via conference call)
Dana Moulden, Member
Stephen Kraus, Deputy Director of Finance and Clerk to the Board of Finance (via conference call)

Also Present: Jennell Rogers, Chief, Bureau of Treasury Management
Benedict Richardson, Treasury Management
Sherrell Haynie, Treasury Management
Joann Levin, Law Department (via conference call)

MINUTES

Mayor Pugh requested the Board to review the minutes from the meeting of April 23, 2018. 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 \$175 million and redemptions totaled \$278 million.

Security transactions since the meeting of April 23, 2018 were approved on the motion of Comptroller Pratt, seconded by Mr. Meier. (Appendix I)

MARK TO MARKET VALUATION OF SWAP PORTFOLIO

Ms. Rogers presented the Mark to Market Valuation Report as of April 30, 2018 with a notional amount of \$176,590,000. The fair market value of the swap portfolio decreased from (\$33,017,711) to (\$30,863,097). The ten year Treasury rate increased from 2.74% to 2.95%. Mr. Meier asked if Treasury had considered terminating the 2003 GO Swaps since the Treasury rate is approaching 3%. Mr. Kraus responded that we will continue to evaluate the advantages to unwinding these Swaps; however, the bonds will mature 2020 and 2022. With the short duration in the life of the bonds, the City would likely hold them until maturity. Additionally, there are other costs to consider before pursuing early termination (i.e. liquidity facility provider). As of the date of this report there is no collateral posting.

The Board accepted the report. (Appendix II)

**2018 MARYLAND WATER QUALITY FINANCING ADMINISTRATION
REVOLVING LOAN (WASTEWATER PROJECTS)**

Ms. Rogers requested the Board to approve a resolution that includes the following:

1. Authorize the issuance and delivery of no more than \$156,000,000 of Project Revenue Bonds (Wastewater Projects) Series 2018 A, at a rate not to exceed 2.00%.
2. Authorize the issuance and delivery of no more than \$1,500,000 of Project Revenue Bonds, (Wastewater Projects) Series 2018B, as a principal forgiveness loan.
3. Authorize the issuance and delivery of no more than \$11,500,000 of Project Revenue Bonds (Wastewater Projects) Series 2018C, at a rate not to exceed 2.00%.
4. Approve the Wastewater Projects 29th Supplemental Bond Resolution between the Mayor and City Council of Baltimore and M&T Bank as trustee substantially in the form enclosed.
5. Issue the Bonds through a private placement to the Maryland Water Quality Financing Administration.
6. Appoint M&T Bank as Trustee, Registrar, and Paying Agent for the Bonds.

Comptroller Pratt asked why the \$1,500,000 of Project Revenue Bonds, (Wastewater Projects) Series 2018B is being issued as a forgivable loan. Mr. Kraus responded that MDE is not authorized to provide grant funding therefore as an alternative they offer a loan forgiveness instrument. If the City meets all the conditions of the loan, the debt will be forgiven in ten years. MDE reviewed the City's economic profile and affordability to build the facility and deemed the City to be qualified for loan forgiveness. Mr. Meier asked what would happen if there are cost overruns on this project. Mr. Kraus responded that there is a built-in contingency allowance. The City also could include the costs in subsequent borrowings or issue revenue bonds obligations. (Appendix III)

OTHER BUSINESS

It was noted that a special Board meeting is scheduled for Thursday, June 14, 2018 3:00 p.m.

There was no other business; the meeting was adjourned at 3:14 pm.

Stephen M. Kraus
Clerk to the Board of Finance