

August 26, 2024

The meeting of the Board of Finance was called to order at 3:01 p.m.

Present: Michael Mocksten, Director of Finance (*in lieu of Mayor*)
Bill Henry, Comptroller and Member
Arnold Williams, Vice President and Member
Frederick Meier, Member
Robert Shelton, Member
Jennell Rogers, Chief, Bureau of Treasury Management and Clerk to the Board of Finance

Absent: Honorable Brandon M. Scott, Mayor and President

Also Present: Micheal Sullivan, Treasury Management
Evelyn Alston, Treasury Management
Joann Levin, Law Dept.
Keokah Sanders, Council President's Office.
Randy Willison, MOCC (*via Webex*)
Myke Wells, CharmTV (*via Webex*)

MINUTES

Mayor Scott requested the Board to review the minutes from the meeting of July 15, 2024. The minutes were approved on the motion of Mr. Meier, seconded by Dir. Mocksten.

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 \$799,895,000 and redemptions totaled \$311,540,000. She noted that three securities were called.

Security transactions since the meeting July 15, 2024 were approved on the motion of Mr. Meier, seconded by Dir. Mocksten. (Appendix I)

MARK TO MARKET VALUATION OF SWAP PORTFOLIO

Ms. Rogers presented the Mark to Market Valuation Report as of July 31, 2024 with a notional amount of \$119,455,000. The fair market value of the swap portfolio increased slightly from (\$7,308,110) to (7,864,702). The ten-year Treasury rate decreased from 3.88% to 3.51%. As of the date of this report, there was no collateral posted.

The Board accepted the report. (Appendix II)

APPROVAL OF AMENDMENTS TO THE CITY'S INVESTMENT POLICY

Mr. Sullivan requested the Board to approve the attached amendments to the City's Investment Policy. Given the current and expected future interest rate environment, Treasury requests the following authorized changes to the policy:

1. Add the ability to purchase Supranationals (up to 5% of the total portfolio). Supranational issuer means an international development institution that provides financing, advisory services, or other financial services to the institution's member countries to achieve the overall goal of improving living standards through sustainable economic growth; and is rated in the highest credit rating category by a nationally recognized statistical rating organization. Supranational issuer includes: the World Bank, the International Finance Corporation, the Inter-American Development Bank, the African Development Bank, and the Asian Development Bank.
2. Increase the amount of Commercial Paper that can be owned from 10% to 40%.
3. Increase the amount of MLGIP investment from 40% to 100%.
4. Change the restriction on the maximum maturity of any single security from 1 year (excluding the \$100MM carveout) to no maximum maturity for any single maturity but with a maximum average maturity of the entire portfolio of 18 months.

There was a great deal of dialogue between the Board members and Mr. Sullivan. Board members were concerned about the request to increase the maximum amount of commercial paper owned from 10% to 40%. After some discussion, the team agreed on a revised request that commercial paper may not exceed 25% of the total investments made by the City. Board members also requested clarification pertaining to the scope of the role of the Treasury Assistant. Ms. Levin, Law, agreed to review the language in the policy.

The amendments to the City's Investment Policy in concept pursuant to the discussion were approved on the motion of Comptroller Henry, seconded by Mr. Meier.

APPROVAL OF THE ADVERTISEMENT OF THE 2024 LOAN AUTHORIZATIONS

Ms. Rogers requested the Board to approve the attached Loan Ordinances to be advertised in the Afro-American and Baltimore Sun newspapers and submitted to the legal voters of Baltimore City for their approval or disapproval on the November 5, 2024 ballot. The newspaper advertisement shall be not more than twenty days before or less than ten days prior to the date of election.

Each ordinance provides that such public notice shall be given in a manner determined by the Board of Finance. To comply with the public notice requirements, it has been the policy of this Board to advertise the preamble of each loan ordinance in two local newspapers of general circulation. The ordinances are tentatively scheduled to be advertised on October 22, 2024.

In a previous action of this Board on May 25, 2024 the enclosed loan ordinances were approved as part of the CIP providing for \$125 million of general obligation bonds in FY2026, and \$125 million in FY2027. As required by the State Constitution, the enclosed ordinances were approved by a resolution of the City delegation to the General Assembly, the Board of Estimates and the City Council. Following the approval by the legal voters of the City, the authorizations shall be incorporated into the City's capital budget through the Annual Ordinance of Estimates. Below is a summary list of the bond questions (a detailed description of each is enclosed):

1. Question A – Affordable Housing Loan - \$20,000,000
2. Question B – School Loan - \$55,000,000
3. Question C – Community and Economic Development Loan - \$50,000,000
4. Question D – Public Infrastructure Loan - \$125,000,00

The Charter Amendments are being provided for informational purposes only and will appear in the Afro-American and Baltimore Sun for five (5) consecutive weeks, on dates which

shall not be less than ten days prior to November 5, 2024. Below is a summary list of the Charter Questions (a detailed description of each is enclosed):

1. Question E – Baltimore City Police Department – establishing the Baltimore City Police Department as an agency of the Mayor and City Council of Baltimore.
2. Question F – Inner Harbor Park – amending the provision dedicating for public park uses the portion of the city that lies within certain geographical boundaries.
3. Question G – Community Reinvestment and Reparations Fund – establishing a continuing, non-lapsing Community Reinvestment and Reparations Commission.
4. Question H – Baltimore Baby Bonus Fund – adding Section 20 to Art. I of the City Charter. The amendment creates a continuous, non-lapsing fund known as the Baltimore Baby Bonus Fund to provide for a one-time baby bonus payment of at least \$1000 to each City resident who is the birthing parent of a child.
5. Question I – Reducing the Number of City Council Members – amending Art. III, Sections 2 and 7 of the City Charter to reduce the number of Baltimore City Council districts from 14 to 8.
6. Question J – Baltimore Regional Transportation Authority Mandate Fund – amending Art. I of the City Charter to add Section 17 establishing the Baltimore Regional Transportation Authority Mandate Fund (TAMF), a non-lapsing fund to be overseen and governed and administered by an eleven-member commission appointed pursuant to Article IV, Section 6 of the City Charter.

*Questions H – J are petitions to change the City Charter initiated by citizens. The Attorney General will determine if they will appear on the ballot.

The advertisement of the 2024 loan authorizations was approved on the motion of Comptroller Henry, seconded by Mr. Shelton.

OTHER BUSINESS

There was no other business. The meeting was adjourned at 3:57 pm.

Jennell Rogers
Clerk to the Board of Finance