

October 28, 2024

The meeting of the Board of Finance was called to order at 3:05 p.m.

Present: Michael Mocksten, Director of Finance (*in lieu of Mayor Scott*)
Bill Henry, Comptroller and Member
Arnold Williams, Vice President and 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
Frederick Meier, Member

Also Present: Evelyn Alston, Treasury Management
Joann Levin, Law Dept.
Maureen Gershberg, BCPSS
Kristen Ahearn, Planning
Dexter Lockamy, Council President's Ofc.
Seth Moshman, Council President's Ofc.
Keokah Sanders, Council President's Ofc.
Micheal Sullivan, Treasury Management (*via Webex*)
Michael Wells, CharmTV (*via Webex*)

MINUTES

Mr. Williams requested the Board to review the minutes from the meeting of August 26, 2023. The minutes were approved on the motion of Director Mocksten, seconded by Mr. Shelton.

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 \$850,900,000 and redemptions totaled \$1,009,160,000. Ms. Rogers noted a correction to be made on page one of the Security Transactions which erroneously recorded a negative yield to maturity for Federal Home Loan Banks; the correct yield is 3.55. She also advised the Board that the new investment policies have been sent to the State.

Security transactions since the meeting August 26, 2024 were approved on the motion of Mr. Shelton, seconded by Comptroller Henry. (Appendix I)

MARK TO MARKET VALUATION OF SWAP PORTFOLIO

Ms. Rogers presented the Mark to Market Valuation Report as of September 30, 2024 with a notional amount of \$119,455,000. The fair market value of the swap portfolio decreased slightly from (\$7,864,702) to (\$9,011,431). The ten-year Treasury rate increased from 3.51% to 3.81%. As of the date of this report, there was no collateral posted.

The Board accepted the report. (Appendix II)

BALTIMORE CITY PUBLIC SCHOOLS CAPITAL IMPROVEMENT PROGRAM

Ms. Rogers requested the Board to consider and approve the enclosed Baltimore City Public School (“BCPS”) Capital Improvement Program (“CIP”) for fiscal year 2026 and fiscal years 2027-2031. The program includes \$195,000,000 in City bond funds, and \$162,889,000 in State funds for a total of \$357,889,000.

Rules, regulations, and procedures for the administration of the school capital improvement program require that BCPS submit annually an updated and detailed capital improvement program for the upcoming fiscal year and the ensuing five fiscal years to the State Interagency Committee on School Construction. The BCPS Department of Facilities Planning and School Construction are tasked with meeting this requirement each year as a condition for receiving school construction funds from the State.

Prior to submitting the CIP to the State, City Schools must first obtain the approval of this program by the local governing body. As a condition for gaining City approval, a review and endorsement of the plan by the School Board, Planning Commission, Board of Finance, and the Board of Estimates serve as the means by which the Mayor’s Office will support and approve the program.

The 2026 program request totals \$64,245,000 consisting of \$27,500,000 in City GO bond funds and \$36,745,000 in state funds. The 2026 CIP continues to focus on major facilities upgrades and deferred maintenance. There are four projects earmarked as highest priority or major projects, namely, Furley, Armistead, Maree G. Farring, and Northeast Building. Only these projects are likely to be funded by the State. The remaining requests to the State are for systemic projects, including elevators, fire alarms, roofs, and a pool. These are unlikely to be funded in the current fiscal year, although the School System will be able to address some of these projects through the Healthy School Facilities Funding.

The City’s annual contribution in FY2026 and FY2027 is consistent with the school loan ballot referendum that is on the upcoming election ballot. Treasury Management provided Board members with the Planning Commission staff report that contains a detailed discussion of the BCPS plan, and a slide presentation. Department of Planning and BCPS were at the meeting to present the CIP.

Maureen Gershberg, BCPS, gave a thorough overview of the Capital Improvement Plan stating that there is an annual deficit of about \$375 million between what the industry standard is for school maintenance and what the City actually receives. She stated that the funding level steers how projects are prioritized. Decisions are made based upon physical systems and district priorities. For this fiscal year, there are approximately seven major projects, and thirty-six systemic projects distributed throughout the City. Ms. Gershberg noted that there are two changes to major projects from last year’s CIP: Ben Franklin and Edmondson; both projects have been downgraded to be more systemic. Ms. Gershberg responded to several questions from Board members. Some points of discussion/clarification were:

- The Interagency Commission on School Construction is the agency that the school system works with for capital funding.
- Comptroller Henry asked if newly constructed school buildings are equipped with roofs that are capable of handling solar panels, even if BCPSS cannot yet afford the installation. Ms. Gershberg stated that she would need to ask her construction team before offering a response.
- Comptroller Henry asked about programs that would provide outside funding opportunities for having solar panels placed on schools. Ms. Gershberg replied that

there have been previous conversations with proposed partners. The amount that would need to be invested by the school system would outweigh the benefit.

- As of June 1, 2024, all classrooms have some form of AC with only a small percentage being window units.

The request to endorse the BCPS Capital Improvement Plan for fiscal years 2026-2031 was approved on the motion of Comptroller Henry, seconded by Director Mocksten.

OTHER BUSINESS

There was no other business. Ms. Rogers informed Board members that the Comprehensive Tax Increment Financing Report will be presented at the next meeting on November 25, 2024. The meeting was adjourned at 3:34 p.m.

Jennell Rogers
Clerk to the Board of Finance