

August 25, 2025

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

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

Also Present: Evelyn Alston, Treasury Management
Sherrell Haynie, Treasury Management (*via Webex*)
Joann Levin, Law Dept.
Dexter Lockamy, Council President's Ofc.
Ian Klein, Council President's Ofc.
KC Kelleher, Comptroller's Ofc.
Abigail Belayneh, Comptroller's Ofc. (*via Webex*)
Michael Wells, MOCC (*via Webex*)
Randy Willison, MOCC (*via Webex*)

MINUTES

Mr. Williams requested the Board to review the minutes from the meeting of June 23, 2025. The minutes were approved on the motion of Mr. Meier, seconded by Director 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 \$1,085,000,000 and redemptions totaled \$740,000,000. Ms. Rogers noted that there was one call during time. Additionally, Opioid funds were invested on a six-month term which became due. The funds will be reinvested for another six months.

Security transactions since the meeting June 23, 2025 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, 2025 with a notional amount of \$115,255,000. The fair market value of the swap portfolio decreased from (\$9,292,809) to (\$8,922,686). The ten-year Treasury rate increased from 4.41% to 4.89%. Ms. Rogers noted that one SWAP matured on July 1, 2025, leaving only two SWAPS remaining in the portfolio. As of the date of this report, there was no collateral posted.

The Board accepted the report. (Appendix II)

APPROVAL OF FINANCIAL ADVISOR CONTRACT

Ms. Rogers requested the Board to consider and approve Public Financial Manager ("PFM") and Public Resources Advisory Group ("PRAG") to serve as the City's financial advisor

for a three-year engagement plus two one-year extensions exercisable at the sole discretion of the City.

According to Article VII, Section 21(a) of the City Charter, the Board is responsible for determining all matters related to the issuance and sale of indebtedness. This includes the appointment of a financial advisor. The current contract with PFM, the financial advisor, is set to expire on September 30, 2025. Therefore, on July 10, 2025, the Bureau of Management issued a Request for Proposals (RFP) seeking proposals from nationally ranked public issuer financial advisory firms, as identified by the Bond Buyer.

Along with the scope of services, the RFP required respondents to provide information based on the following key evaluation criteria:

- 1.) Advisory experience,
- 2.) Staff experience,
- 3.) Derivatives experience,
- 4.) Fee proposal.

A request for proposals was sent to four advisory firms and three responses were received by the July 31 deadline.

- 1.) Davenport & Company, Towson, MD
- 2.) PFM Financial Advisors LLC, Philadelphia, PA
- 3.) Public Resources Advisory Group, New York, NY

After thorough evaluation, Treasury Management strongly recommends that we award two distinct contracts for advisory services: one to PFM and another to PRAG. PFM would advise on matters related to Water, Wastewater, Stormwater, and Parking revenue bonds. PRAG would advise on matters related to General Obligation bonds and Certificates of Participation.

PFM has been an invaluable partner for the City, expertly navigating complex issues related to utilities, environmental requirements, and debt covenant violations. Their proactive approach has not only provided essential guidance but has also built trust and confidence among rating agencies and investors. Retaining PFM's experienced team is vital for our path to long-term financial strength and stability.

Furthermore, our collaboration with PRAG during the independent review of the City's debt affordability study has proven to be highly beneficial. They have developed a robust model that will enhance our annual borrowing reviews. Continuing our relationship with PRAG will undoubtedly serve the City well, providing us with insights and strategies that are crucial for our debt management. By moving forward with these contracts, we position ourselves for a brighter financial future. Mr. Meier observed that the City's credit rating was dropped by Moody's. Ms. Rogers responded that the drop was related to the City's debt being increased due to utility bonds being added. Director Mocksten stated that Moody's identified the City's increased fund balance and, thereby, lowered the credit rating. He added that the City has determined a solution which is to build back the rate stabilization fund. Director Mocksten further stated that the rating only dropped a notch, not a full score. Comptroller Henry asked if Treasury could offer some perspective regarding how many billable hours are provided by the financial advisor. Ms. Rogers stated that she did not readily have that information available but could send it to the Board later. Mr. Williams asked if consideration is given to WBE, MBE, and locality when selecting an advisor. Ms. Rogers responded that those factors are considered. Mr. Meier inquired about the performance of the financial model that was created by PRAG. Director Mocksten answered that the model has performed just as projected.

The request to approve Public Financial Manager (“PFM”) and Public Resources Advisory Group (“PRAG”) to serve as the City’s financial advisor was approved on the motion of Comptroller Henry, seconded by Director Mocksten.

APPROVAL OF SWAP ADVISOR CONTRACT

Ms. Rogers requested the Board to consider and approve Greenland Risk Management to serve as the City’s swap advisor for a three-year engagement plus two one-year extensions at the sole discretion of the City.

Article VII, Section 21 (a) of the City Charter states that this Board shall determine all matters pertaining to the issuance and sale of indebtedness. This includes the appointment of a swap advisor. The existing swap advisor contract, with Hilltop Securities, Inc., is due to expire on September 30, 2025. Accordingly, on July 21, 2025, the Bureau of Treasury Management issued an RFP requesting proposals to serve as the City’s swap advisor to five advisory firms. The RFP scope of services focused on the experience of each firm and their knowledge and recommendations concerning swap pricing, collateral and third-party fees.

Proposals were received from two firms by the August 8, 2025 deadline. Each proposal was evaluated by Treasury in response to specific questions related to the above evaluation criterion. The two firms were:

- 1.) Hilltop Securities, Inc., Dallas, TX
- 2.) Greenland Risk Management, Dallas, TX

After reviewing the technical and pricing proposals, Treasury recommends awarding the engagement to Greenland Risk Management. Although this entity was established in 2022, Treasury has previously worked with professionals from their former employer and is confident in their ability to deliver the same high quality of service. Ms. Rogers noted that the City only has two swaps remaining so Treasury is not heavily dependent on swap advisors. She added that the advisors are only needed for the monthly Mark to Market swap reports and providing the year-end information for the Annual Comprehensive Financial Report.

The request to approve Greenland Risk Management to serve as the City’s swap advisor was approved on the motion of Mr. Shelton, seconded by Director Mocksten.

APPROVAL OF TIF ADVISOR FEE SCHEDULE

Ms. Rogers requested the Board to consider and approve the enclosed fee schedule defined as “Exhibit B” to the City’s Agreement for Financial Consulting Services (Tax Increment Financing) between the City and MuniCap, Inc. of Columbia, MD. MuniCap, formerly known as MuniFinancial, was appointed by this Board to act as the City’s Tax Increment Financing advisor in September 2001. The contract was finalized in October of the same year and outlines the scope of services along with a fee schedule. The most recent rate increase was approved on August 24, 2015. Below is the proposal for the new rate:

MuniCap Fee Schedule

Title	Current Hourly Rate	Proposed Hourly Rate
President	\$250	\$365
Executive Vice President	N/A	\$340
Senior Vice President	\$225	\$315
Vice President	\$200	\$290
Director	N/A	\$240
Manager	\$175	\$240
Project Manager	N/A	\$225
Senior Associate	\$150	\$215
Associate	\$135	\$185

MuniCap has expanded since the approval of the original contract. As our TIF program has grown, MuniCap has also enhanced its services and added new positions within the organization. While not all listed positions are currently involved in ongoing projects, we would like to include the associated fees in our request in case those employees are assigned to work for the City. Treasury believes that the proposed fee schedule is reasonable, especially considering that the last rate increase was approved ten years ago. The rates have been adjusted based on the increase in the Consumer Price Index since the previous fee adjustment. Below is a table comparing the hourly fees from the recent solicitation of financial and swap advisors with MuniCap's rates.

Comparative Fee Schedule

Firm	Managing Director	Sr. Consultant	Associate
MuniCap	\$365	\$315	\$215
PFM	\$350	\$300	\$275
PRAG	\$350	\$325	\$250
Davenport	\$350	\$300	\$250
Greenland	\$250	N/A	\$100
Hilltop	\$350	\$300	\$200

MuniCap continues to provide quality service to the City and remains a leader in tax increment financing. Over the past twelve months, the firm has been focused on the inaugural Citywide Affordable Housing TIF, which is a crucial part of the Mayor's agenda to eliminate vacant properties in Baltimore City. They are diligently working to issue the bonds by December 2025 and are simultaneously involved in the Perkins Somerset Oldtown project.

The request to approve the fee schedule to the City's Agreement for Financial Consulting Services (Tax Increment Financing) between the City and MuniCap, Inc. of Columbia, MD was approved on the motion on Mr. Shelton, seconded by Mr. Meier.

OTHER BUSINESS

2025 GO BOND SALE UPDATE

Ms. Rogers advised the Board that the 2025 Bonds were sold competitively on July 23, 2025 and closed on August 6, 2025. JP Morgan Securities LLC was the winning bidder for the Series 2025A bonds and Wells Fargo Securities was the winning bidder for the Series 2025B bonds. The proceeds of the 2025 Bonds will be used to finance various public improvements of the City and pay the cost of issuance of the 2025 bonds.

The 2025 Bonds are general obligation of the City payable from taxes and other general fund revenues of the City. The full faith, credit, and taxing power of the City are irrevocably pledged for the prompt and full payment, when due, of the principal and interest and premium of the 2025 bonds.

The Bonds are being issued in registered form in denomination of \$5,000. Interest on the 2025 bonds is payable semi-annually on April 15 and October 15 of each year with the first interest payment due October 15, 2025. The Series 2025 Bonds have long-term ratings of Aa2/AA by Moody's Investor Service and Standard & Poor's, respectively. This report was for informational purposes only; no action was required by the Board.

TERMINATION OF WATER UTILITY FORWARD PURCHASE AGREEMENTS

Ms. Rogers advised the Board of the termination of water utility forward purchase agreements. This report was for informational purposes only; no action was required by the Board.

There was no other business. The meeting was adjourned at 3:55 pm.

Jennell Rogers
Clerk to the Board of Finance