

MINUTES

Of the Board of Directors Of the City of Baltimore Development Corporation

The regular meeting of the Board of Directors (Board) of the City of Baltimore Development Corporation (BDC) was held on Thursday, March 24, 2016 beginning at 7:34 a.m. at the Corporation's offices at 36 South Charles Street, Baltimore, MD. **Board Members present at the meeting were: Chair, Arnold Williams, Christine Bivens, Greg Cangialosi (via phone), Augie Chiasera (via phone), Armentha Cruise, Clinton Daly (via phone), Jeffrey Fraley, Gilberto de Jesus, Ken Moreland (via phone), Henry Raymond (via phone), Kurt Schmoke (via phone), Brian Tracey, and Michael Walton (via phone).**

Staff present were: William "Bill" Cole, President & CEO; Kim Clark, Executive Vice President; Jeff Pilas, Vice President & Chief Financial Officer and Nancy Jordan-Howard, Chief Operating Officer. BDC Staff: William Beckford; Karl Bradley; Larysa Salamacha; Susan Yum; Paul Taylor; Deb Tillett; Patrick Terranova; Javier Von Westphalen; and Renee West (as Recording Secretary).

Also in attendance: Keenan Rice, Municap; Alan Cason, McQuire Woods, LLP; Julian Ingram, WBAL (TV); Brandon McNamara, WMAR; Fern Shen, *Baltimore Brew*; Adam Bednar, *The Daily Record*; Natalie Sherman, *The Baltimore Sun*; Ronald Kreitner; and Melody Simmons, *Baltimore Business Journal*.

The meeting was called to order by the chair, Arnold Williams at 7:34 a.m.

- I. Minutes of the BDC Board Meetings were approved as written.
- II. President's Report
 - i. Cole reported the groundbreaking of the 414 Light site. Thanked BDC staff for their contributions to this project, will be one of the largest vertical projects in 30 years.

III. Committee Reports

Loan Committee

- i. A loan to Integrata, Inc. to be used to assist with financing the purchase of inventory, equipment and working capital for additional hires. The company is located at 101 N. Haven Street in East Baltimore.

Business Retention and Expansion Committee

- i. Deb Tillett (Executive Director, Emerging Technologies Center) provided a detailed overview of the entrepreneurial network that currently exists in Baltimore.
- ii. BDC hosted a manufacturing event that focused on workforce earlier this month. Over 100 attendees participated in the event that was supported in part by four sponsors. It was noted that the keynote speaker discussed the issue of apprenticeship in modern manufacturing. Cole thanked the members of the Board who attended the event.

Project and Oversight Committee

Port Covington

- i. Williams provided an overview of the open portion of the committee meeting, including information presented by both Sagamore Development and BDC staff (Patrick Terranova, South Team Leader) related to the request for tax increment financing (TIF) for the Port Covington project. Sagamore Development presented the vision and overall plan for the project. Terranova presented on the residential, retail, open spaces and parking, outlining the magnitude of horizontal construction and infrastructure needed via the \$535 TIF requested and approximately \$900 million private, state and federal investment that would also be included in the horizontal construction. Muncip began its evaluation of the TIF requested by Sagamore Development and provided a presentation of the financial analysis; all but a few pages were presented to the public in open session. When Muncip reached a point in the presentation that required explanation and analysis of the issuance of bonds and the potential impact of those bonds a motion was made to close the meeting, that motion was consistent with an exception under the State of Maryland's Open Meetings Act.
- ii. Williams reviewed the items discussed during the closed session of the meeting (March 9th), he further noted that the meeting was recessed and reconvened on March 15th in open session, Williams asked if there was any public information to be presented, as there was none, the meeting immediately went into closed session so that Muncip could continue the financial analysis. The committee reconvened again on March 21st, in open session and immediately went into closed session as committee members were not finished their discussion with Muncip. Again, the motion was consistent with an exception under the State of Maryland's Open Meetings Act.
- iii. Out of an abundance of caution to comply with the Open Meetings Act Williams requested Colin Tarbert to repeat his response to a question regarding several Memoranda of Understanding currently in process with the Mayor's office and the developer which was discussed in closed session. The MOU's were related to affordable and inclusionary housing, support of small local, minority and women owned businesses, and workforce development. Tarbert further noted that the MOU's involve several Baltimore City agencies, two BDC Board members are included in the MOU process as their agencies (including housing and small business and minority inclusion) are involved. He expects those to be completed by the end of the month.
- iv. For the same reason as above Williams then requested that Kim Clark (Executive Vice President) repeat her response to a question raised regarding the South Baltimore Gateway and Middle Branch master plans and how the developer's plan rail spur would connect to Port Covington. Both master plans have been reviewed by the planning commission and approved by the body, thus they are a part of the City's master plan and it was recommended that we move forward with the Port Covington's plan as introduced.
- v. For the same reason as above Williams requested that Bill Cole repeat his response to a question regarding other sources of funding for the project. Cole noted that the developer is looking at every possible source of federal and state funding for the project, in addition to private investment. He further noted that the developer will have to work with the City to ensure that their requests are consistent with other requests being made to the Department of Recreation and Parks and the Department of Transportation (City).
- vi. Williams reported that there was no new information discussed during the closed session and that the discussions were related to Muncip's financial analysis of the issuance of bonds.
- vii. Williams noted that the numbers that the Board of Directors would be voting on today included the amount of the TIF are identical to the numbers presented in the open session on March 9th.
- viii. Patrick Terranova and Keenan Rice (Muncip) made presentations to the Board of Directors related to the Port Covington Project.

- ix. Steve Kraus (Baltimore City Department of Finance) shared with the Board of Directors the next steps in the process should the body approve the TIF. If the Board makes a favorable recommendation to the Mayor, the request is then referred to the Board of Finance, at that time the Board of Finance will conduct due diligence and they will make the determination to move forward, from there legislation will be developed, then it goes before the City Council in the form of a resolution which will establish a development district, a special taxing district and to issue the bonds for the public infrastructure. It was noted that if the City Council approves the legislation, the bonds would not be issued at that time, the approval would authorize the Board of Finance to issue the bonds at a later date in multiple phases.
- x. Tarbert responded to the questions were raised regarding minority inclusion and participation. It was noted that the MOU specifically developed to address small business, minority and women owned business inclusion will ensure that such firms will be involved in both the horizontal and vertical development of the project both short-term and throughout the life of the project.
- xi. Jeff Fraley made a motion to provide tax increment financing that does not exceed \$535million to Sagamore Development, exclusive a reasonable and necessary issuance cost to provide infrastructure to Port Covington subject to eligible and final cost and underwriting; providing that the City's hurdle rate is achieved; profit sharing (with the City) to be included; that federal and state participation is in excess to the site; no significate adverse impact on school funding; no negative impact on the City's bond rating. Michael Walton seconded and the board voted unanimously.

906 Washington Boulevard

- i. Brian Tracey reported that the committee met on March 9th to discuss responses to a RFP for 906 Washington Boulevard, there were two responses. It was noted that the staff presentation was made at the January meeting, there was a question raised that led to the postponement of the vote. Now that additional information is available this project is being brought back to the Board of Directors.
- ii. Brian Tracey made a motion to close the BDC Board of Directors Meeting at 8:20 a.m. under Section 10-508 a (14) which states: Before a contract is awarded or bids are opened, to discuss a matter directly related to a negotiating strategy or the contents of a bid or proposal; if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process. Gilberto de Jesus seconded, all in favor. The motion was passed.