

# Capital Debt Affordability Committee

Treasurer Dereck E. Davis, Chair

Virtual meeting registration:

<https://events.gcc.teams.microsoft.com/event/5e513100-15dd-4946-bf13-f360a5ad8029@1030cfe7-eed8-4fba-ae42-f0bdefc37482>

## Agenda

October 16, 2023  
10 AM to 12 PM

- 1) **Treasurer's Opening Comments**
- 2) **Affordability Analysis**  
Rebecca Ruff, Director of Debt Management, State Treasurer's Office
- 3) **Committee Discussion and Voting Session on the 2023 Capital Debt Affordability Committee Recommendations**
  - *General Obligation Bond Authorization and Planning Assumptions:*  
Recommendation of the amount of new State debt that may prudently be authorized for fiscal year 2025, and planning assumptions for the total amount of new State debt for future fiscal years.
  - *Academic Facilities Bonds Authorization:*  
Recommendation of the amount of new bonds for academic facilities for fiscal year 2025 by the University System of Maryland, Morgan State University, St. Mary's College of Maryland and the Baltimore City Community College.
  - *Policy Clarification Regarding Inclusion of Capital Leases in State Debt Affordability Calculations*  
Recommendation of the definition of capital leases to be used when calculating debt affordability ratios.

# 2023 Affordability Analysis

## Capital Debt Affordability Committee

Presented by  
Rebecca Ruff, Director of Debt Management  
Maryland State Treasurer's Office

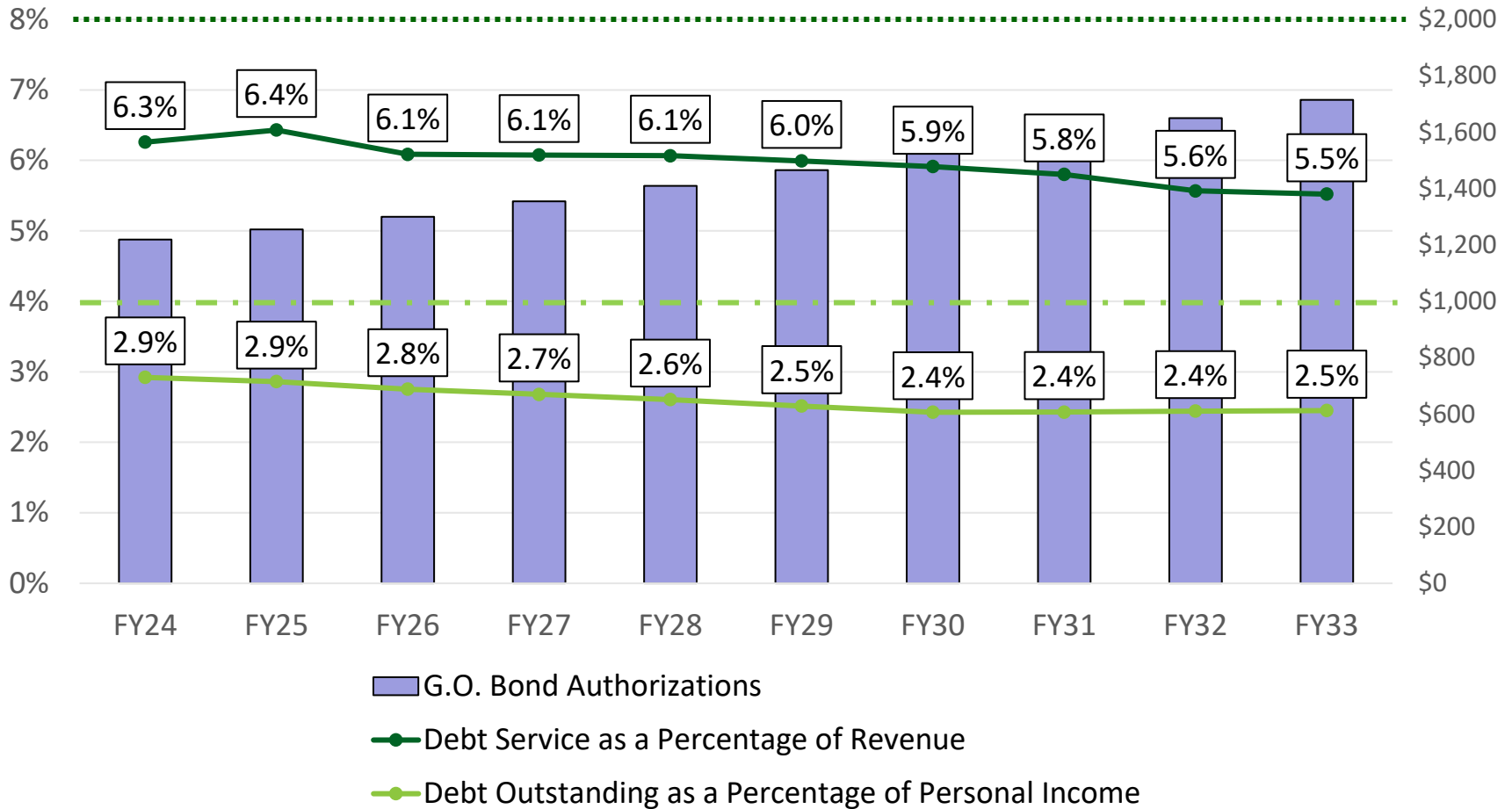
October 16, 2023

# Current Projections for Future Issuances

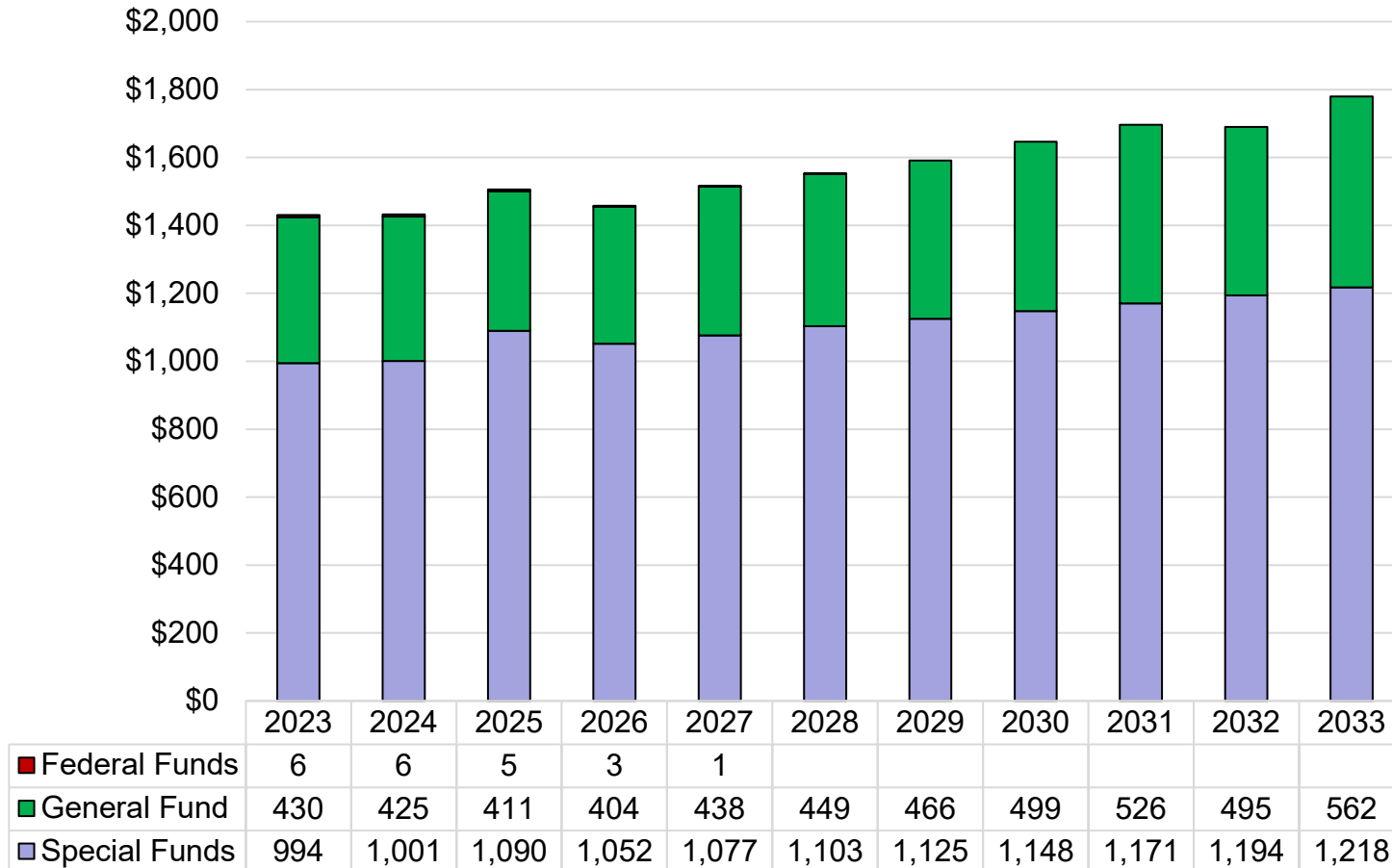
The following figures are based on the 2022 Spending Affordability Committee authorization recommendation, which presents the highest proposed authorization profile:

<u>Fiscal Year</u>	<u>Authorizations</u>
2024 (act.)	\$1,219
2025	\$1,255
2026	\$1,300
2027	\$1,355
2028	\$1,410
2029	\$1,465

# Affordability Benchmarks



# Ten Year Debt Service Projections



All \$ figures in millions. FYs 2024-2033 are projections which are preliminary and subject to change.

# Recommendation of Amount of New General Obligation Bonds for Fiscal Year 2025

# CDAC General Obligation Bond Authorization

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- CDAC needs to vote on its recommendation for a General Obligation Bond authorization for FY 2025.
- CDAC only votes on the upcoming fiscal year's authorization (FY 2025). Assumed authorizations for FY 2026 – 2029 are for planning purposes only and subject to change.

# Recommendation of Amount of New Bonds for Academic Facilities for Fiscal Year 2025





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Amount of new bonds for academic facilities for fiscal year 2025 requested by institution:

University System of Maryland:	\$30.0 million
Morgan State University:	\$0.0
Baltimore City Community College:	\$0.0
St. Mary's College of Maryland:	<u>\$0.0</u>
Total Requested	\$30.0 million

# Recommendation on the Definition of Capital Leases Used in Determining Debt Affordability

# Lease Workgroup Recommendation is to Maintain Current CDAC Definitions

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- At least one criteria below must be met to be classified as a *capital lease* (and therefore be considered *tax-supported debt* by CDAC):
  - Ownership of the property transfers to the lessee by the end of the lease term;
  - Allows the lessee to purchase the property at fair market value at fixed points and for fixed amounts;
  - The term is 75% or more of the useful life of the property; or
  - The PV of the lease payments is  $\geq 90\%$  of the fair value of the property.
- If none of the above criteria apply, the lease is classified as an operating lease and CDAC does not consider it *tax-supported debt*.