

Capital Debt Affordability Committee

**Treasurer Nancy K. Kopp, Chair
Louis L. Goldstein Treasury Building
80 Calvert Street, Assembly Room
Annapolis, MD 21401**

Agenda

October 17, 2019

9:30 AM

- 1) Treasurer's Opening Comments**
- 2) Committee Discussion on the Lease Accounting Workgroup Recommendation**
- 3) Affordability Analysis**
Christian Lund, Director of Debt Management, State Treasurer's Office
- 4) Committee Discussion on the 2019 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 2021, 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 2021 by the University System of Maryland, Morgan State University, St. Mary's College of Maryland and the Baltimore City Community College.

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Topics of Discussion

1. CDAC Lease Accounting Workgroup
2. Affordability Analysis
3. Recommendation for General Obligation Bond Authorization
4. Recommendation for Academic Facilities Bond Authorization

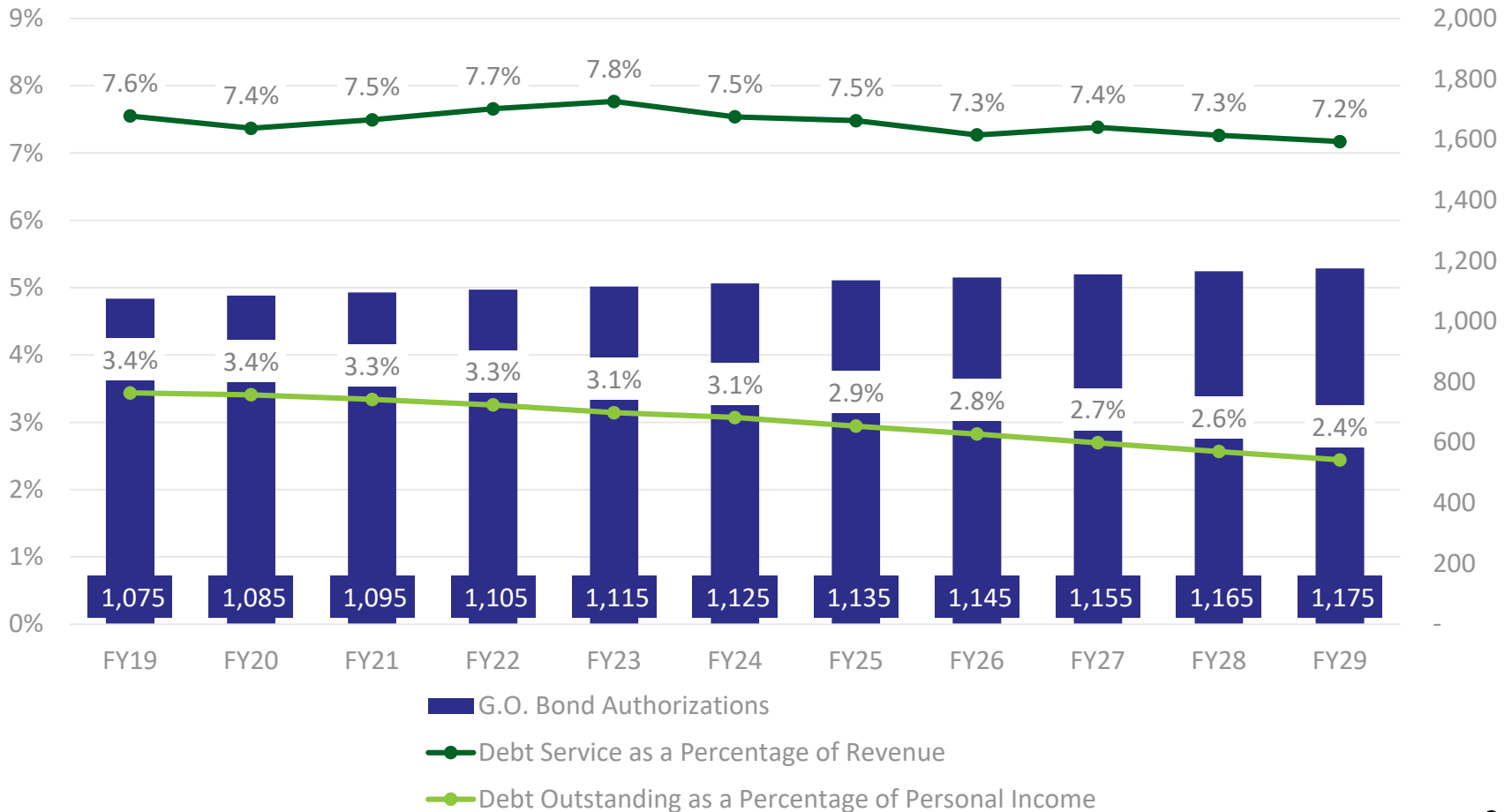
CDAC Lease Accounting Workgroup

CDAC Lease Accounting Workgroup

- The CDAC workgroup on lease accounting examined three ways the Committee can respond to the Governmental Accounting Standards Board's Statement Number 87 (GASB 87):
 - Remove leases from affordability benchmarks
 - Match GASB 87 and treat all 13+ month leases as capital
 - Maintain current practice for distinguishing between operating and capital leases
- **The CDAC workgroup recommends maintaining current practice this year and revisiting the subject during the 2020 CDAC meetings.**

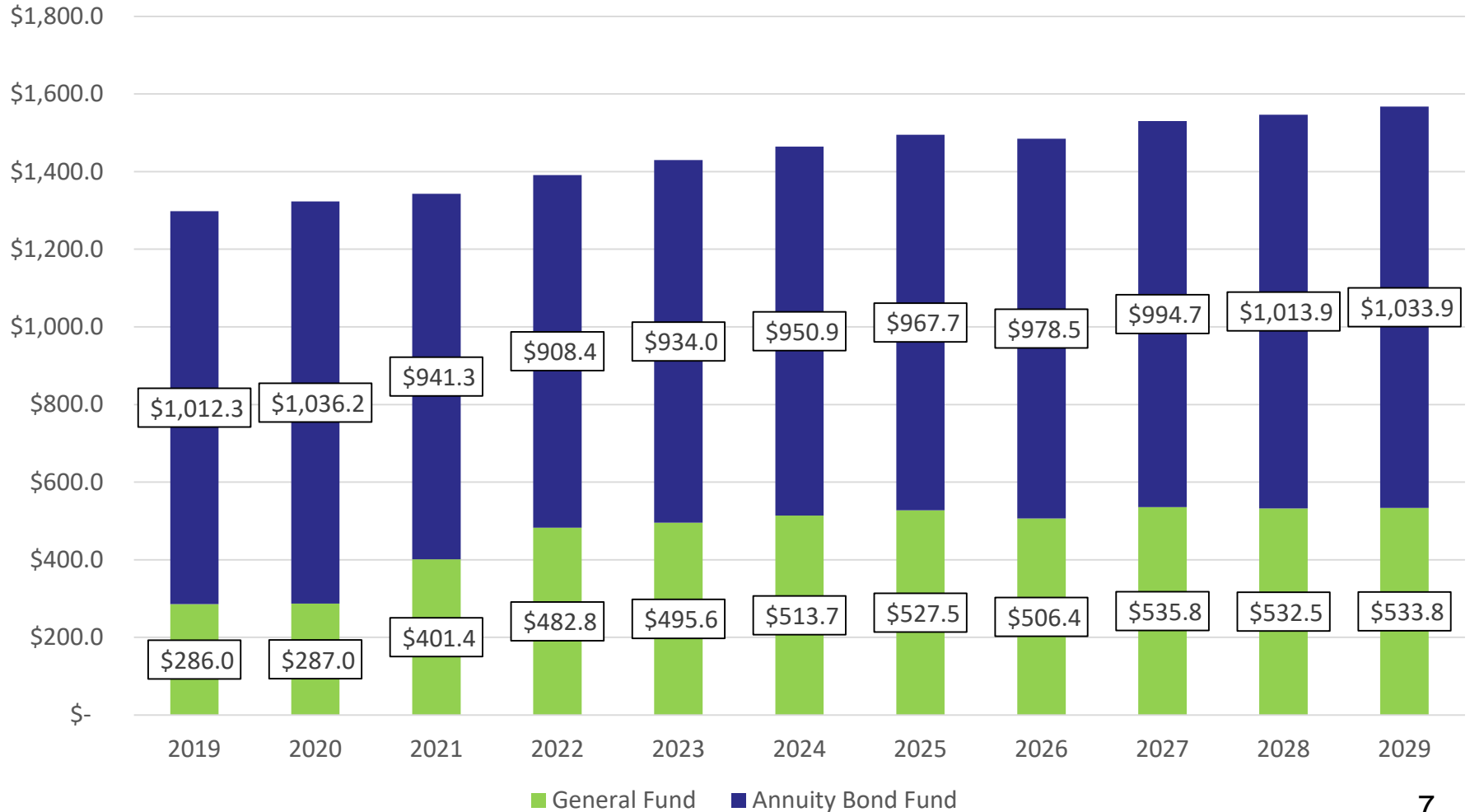
Review of Tax-Supported Debt Affordability Benchmarks and Debt Service Projections

Affordability Benchmarks Under 2018 SAC Recommendation



All \$ figures in millions. FYs 2020-2029 are estimates as of 10/15/2019 which are preliminary and subject to change.

Debt Service Projections



All \$ figures in millions. FYs 2020-2029 are estimates as of 10/15/2019 which are preliminary and subject to change.

Recommendation of Amount of New General Obligation Bonds for Fiscal Year 2021

CDAC General Obligation Bond Authorization

- CDAC needs to vote on its recommendation for a General Obligation Bond authorization for FY 2021.
- CDAC only votes on the upcoming fiscal year's authorization (FY 2021). Assumed authorizations for FY 2022 – 2025 are for planning purposes only and subject to change.

Recommendation of Amount of New Bonds for Academic Facilities for Fiscal Year 2021



Recommendation of Amount of New Bonds for Academic Facilities for Fiscal Year 2021

Amount of new bonds for academic facilities for fiscal year 2021 requested by institution:

University System of Maryland:	\$32.0 million
Morgan State University:	\$0
Baltimore City Community College:	\$0
St. Mary's College of Maryland:	<u>\$0</u>
Total Requested	\$32.0 million